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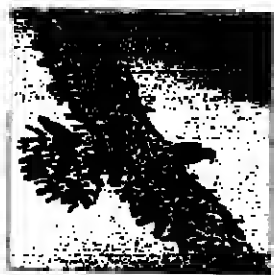
record high

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Weekend



Flight from welfare
'There is a beacon of light in the surrounding gloom, and its name is Fr Michael Conaty'

Page I



The hard man
'I'm careful, not foolish. I can still go off trout fishing alone'

Page III

<http://www.FT.com>

World share prices fall as investors take profits

By Philip Coggan in London

World share prices suffered a sharp setback yesterday as investors took profits after the recent record highs on bourses.

The fall coincided with the latest wobble in the emerging markets, with Brazil seen as the next target for currency speculators.

The Dow Jones Industrial Average lost touch with the 8,000 level it gained for the first time this week and in London, the FTSE 100 - after coming tantalisingly close to 5,000 - fell back below 4,900.

The expiry of index options on both sides of the Atlantic added to the volatility of shares. Analysts cited nervousness ahead of the testimony of Mr Alan Greenspan, chairman of the US Federal Reserve, to Congress next week. "There are signs of a bounce-back in third quarter US economic activity, with consumer sentiment stronger than any time since man landed on the Moon,"

said Mr Keith Skoosh, chief economist at HSBC James Capel.

The fear is that Mr Greenspan will signal concern, raising the likelihood that the Fed will put up interest rates to choke off potential inflationary pressures.

Wall Street was also hit by figures from Microsoft which disappointed investors and caused selling in technology-related stocks. The Dow Jones Industrial Average, nearly 150 points lower at one stage, was 99.88 off at 7,920.89 at 1pm New York time.

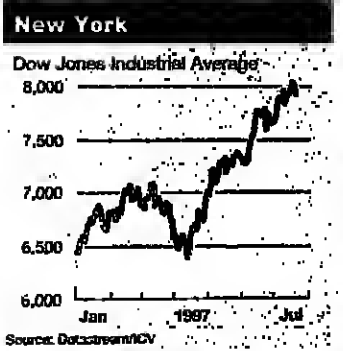
In Germany, the DAX index dropped 1.7 per cent in electronic trading while in Paris, the CAC 40 which touched 3,000 on Thursday, fell 2.8 per cent to 2,876.69.

London suffered a 150 point switchback ride which saw the Footsie up 49.1 to 4,986.1 in early trading, down 100.7 in mid-afternoon to 4,885.3, before closing 71.5 points lower at 4,813.2.

Such losses were dwarfed by the turmoil in the Brazilian market, where the Bovespa index was 8 per cent lower in mid-day trading as investors feared that the risk of devaluation, which has recently hit Thailand, the Philippines and Poland, might spread to Latin America.

Brazil still faces current account and budget deficit problems and its stock market has fallen sharply this week.

Japanese pledge, Page 3; Editorial comment, Page 6; Greed and fear, Page 6; London stocks, Page 17; World Stocks, Page 21; Lex, Page 24



Source: Datastream/ICI

News Business

US to press China trade

US commerce secretary William Daley will visit China to press for further opening of its domestic market for US exporters, in the light of the soaring bilateral trade deficit between the two countries. His announcement followed publication of figures showing the US trade deficit with China in May rose 9.1 per cent to \$3.8bn, exceeding the closely watched deficit with Japan. Page 3

Backlash against Basque terrorism Moderate Basque political parties presented a censure motion to deprive the radical Herri Batasuna party, which supports the Euzkadi separatists, of its strongest power base. It was a key development in an unprecedented civic revolt against terrorism that followed the kidnap and murder by Eta of a conservative councillor. Page 2; One murder too many, Page 7

Lithuania smarting from rejections The decisions this month to exclude Lithuania from the first wave of applicants to both Nato and the European Union - and the recommendation that only Estonia be invited to join EU accession talks next year - have come as sickening blows to a country passionate about escaping its tragic history and returning to the bosom of western Europe. Page 2

Plastic purchases tested on internet US banks, credit card groups, retailers and technology companies launched trials of a method of ensuring the security of credit card purchases on the internet. The trials, which include sales of airline tickets and sporting goods, are designed to establish as a worldwide standard the Secure Electronic Transaction (SET) protocol, jointly developed by Visa and MasterCard with several technology partners. Page 3

Disney Concert Hall



The new vision may mark Los Angeles as the model of a 21st-century city. Eli Broad, the founder chairman of the SunAmerica pensions and insurance group, is trying to resurrect the Disney Concert Hall project as a fitting centre of civic majesty. Christopher Purves, Page 7



29
Algeria L25,000
Argentina \$2,000
Australia \$1,000
Belgium \$1,000
Brazil \$1,000
Canada \$1,000
Czech Rep 1,000
Denmark DKK21.00
Euro \$1.66
France FF136.00
Germany DM1.00
Hong Kong HK\$7.75
India Rs50.00
Indonesia Rp1,000
Italy L1,000
Japan ¥100.00
Korea Won 200.00
Luxembourg Lf100.00
Malaysia RM1.00
Mexico MX\$16.00
Netherlands F1.00
New Zealand NZ\$1.00
Norway Nkr 4.76
Poland Zl 33.33
Portugal Pta200.00
Russia Rub 60.00
Saudi Arabia SR1.00
Singapore S\$1.00
South Africa Rand 6.64
Spain Ptas 166.64
Sweden S\$4.76
Switzerland Sfr 1.00
Taiwan NT\$35.00
Thailand Baht 50.00
Turkey Lira 1,000.00
USA \$1.00
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Flood chaos spreads to Germany



German towns were hit by heavy rain which has claimed 48 lives in Poland. Report, Page 2

Beautiful people flock to mourn Versace

By Richard Tomkins in Miami

Under a lowering sky, intermittent drizzle and the humming blades of a fleet of police helicopters, the people of Miami Beach - and some from miles beyond - poured out yesterday to pay their last respects to Gianni Versace.

Mourners at a memorial mass for the murdered Italian fashion designer in the city's St Patrick's Catholic Church included models, friends, would-be models and would-be friends, some of them lingering before television cameras outside the doors just a little longer than was decent.

Mr Tony Fornabai, who said that he had modelled for Versace in Paris, had come from Fort Lauderdale. "It's a tragedy," he said. "Not just because his life was taken in this way but

because he was an icon for the fashion industry, a monument."

Mr Edward Lescourieus, who said he had modelled for Versace in New York, had just arrived from Argentina. "I had to come. I idolised Versace," he said. "To me, this right now is a point in history."

Oddly, the exuberance that characterised Versace's designs was absent from yesterday's proceedings. Most of the congregation looked as though they got their biggest design inspiration at Gap, the US casual clothing store, while the models were dressed simply in black jacket and dark glasses (him) or black dress and dark glasses (her).

Even the Rev Patrick O'Neill, delivering the homily, sounded a note of disappointment. "I was hoping today to see some outrageous colours, colours that were

gemini the flair and excitement of Gianni's life," he said.

Versace's funeral is in Milan next week, and neither his family nor his celebrity friends were present yesterday. Even so, hundreds of police roamed the area in case Andrew Cunanan, prime

No longer one-man brand... Page 7

suspect for Versace's murder, dared to put in an appearance.

As long as Cunanan is at large, Miami Beach will remain tense. Apart from the issue of personal safety, tourism is Miami's most important industry. In the days following the shooting of Versace outside his Art Deco home in the fashionable South Beach area, the city has been trying to limit the damage to its image by

emphasising the extraordinary nature of the crime.

Mr Alex Penelas, mayor of Dade County, Miami's metropolitan area, said crime was heavily down, tourist robberies had fallen from a peak of 642 in 1992 to 30 so far this year.

"I think people will understand that this was not a random act it was a well planned event specifically targeting Mr Versace, and could have happened wherever he lived," he said.

Mr Jerry Powers, publisher of the glossy Ocean Drive magazine and an acquaintance of Versace, said: "This town has survived Hurricane Andrew, the killing of the German tourists who were shot here, and several major race riots. The economy is not dependent on any one person."

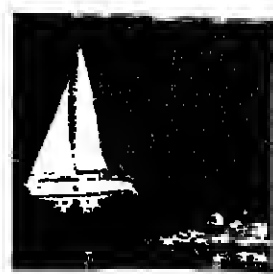
Even so, at least one mourner seemed to think Versace's death

could herald the end of the South Beach scene. Ms Kimberley McCord, a blonde twentysomething with every visible part of her anatomy pierced, said: "He was the beginning of South Beach and he was the highest part of it. It's the death of South Beach."

Versace's love affair with Florida began in 1992 when he arrived at Miami International Airport on his way to Cuba. His connecting flight was delayed, so he asked a taxi driver to take him somewhere "fancy and fun".

When he arrived at South Beach he found it was fancy and fun epitomised: a playground for gorgeous young things of both sexes, sunning themselves on the beaches or banging out between modelling sessions and fashion shoots. The following year he bought 1116 Ocean Drive for \$2.9m.

Weekend



Eastern promise
'With prime plots at Lake Balaton costing less than £5,000, it is hard to see how you could lose'

Page XV



Object of desire
'Ferrari buyers like to know that the guy who made their engine block also made Schumacher's'

Page XVIII

Sinn Féin urges IRA ceasefire

By John Murray Brown in Dublin

Mr Gerry Adams, the Sinn Féin president, said last night that he had urged the IRA to declare a new ceasefire, raising expectations of an imminent announcement from republicans that they will end their terror campaign.

In a statement issued in Dublin, Mr Adams and Mr Martin McGuinness, Sinn Féin's chief negotiator, said they had called on the IRA to "restore its cessation of August 1994". Mr Adams said he would only approach the IRA, "if I was confident that their response would be positive".

The move comes amid hectic diplomatic activity to ensure that agreement on arms decommissioning is reached in a vote next Wednesday at the preliminary multi-party talks in Belfast.

This would pave the way for substantive negotiations involving Sinn Féin, which is excluded

from the preliminary talks. Sinn Féin is understood to have been encouraged by the UK government's refusal to meet unionist demands for decommissioning terrorist arms during the talks process.

Mr John Hume, leader of the moderate nationalist SDLP, earlier issued a joint statement with Mr Adams indicating that the time was right for "inclusive negotiations in a peaceful atmosphere". And Mr Bertie Ahern, Irish prime minister, said he expected an announcement would be made "without undue delay. I presume we're talking about within the next day or so".

There was a guarded welcome to the ceasefire call from the SDLP and British politicians. But any new cessation will be greeted with scepticism by unionists.

Peace prospects, Page 5
Weekend, Page 3

Van Gogh

La Moisson en Provence, 1888



Sold at Sotheby's for £8.8 million in June, 1997

A World
Auction Record
for a Work
on Paper by
the Artist

SOTHEBY'S

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NEWS: INTERNATIONAL

German chancellor to campaign against SPD 'from village to village' if it continues tax reform blockade

Kohl vows to smash political logjam

By Ralph Atkins and Peter Norman in Bonn

Chancellor Helmut Kohl sought yesterday to break the political logjam which has paralysed German economic reform, promising, if necessary, a year-long campaign until the autumn 1998 federal elections against the intransigent blocking tactics of his opponents.

Mr Kohl said that, without tax reform in particular, Germany had "no future", and he accused the opposition Social Democratic party (SPD) of betraying the country's 4.2m unemployed.

The SPD was abusing its major-

ity in the Bundestag, the second chamber of parliament, as "a weapon for a total blockade of the significant decisions for the future".

At a pre-summer holiday press conference, a confident Mr Kohl pledged that if there was no agreement on tax cuts this summer, he would denounce the SPD's blockade "from village to village, from city to city".

He signalled that he would be fully involved in a series of elections next year in German states - including in Lower Saxony, where his most likely SPD challenger, Mr Gerhard Schröder, is prime minis-

ter - leading up to the federal contest on September 27, 1998.

His comments reflected widespread fears that the parliamentary conciliation committee of the Bundestag and Bundestag, the lower house of parliament, will fail when it meets on July 30 to strike an acceptable deal on tax.

But Mr Kohl stopped short of calling for reform of Germany's constitution, which relies heavily on the principle of consensus.

The ruling coalition in Bonn is seeking significant cuts in top and lower income tax rates, offsetting part of the cost with a broadening of the tax base.

Mr Kohl reiterated that Germany would meet the Maastricht treaty criteria for European economic and monetary union.

He refused to be drawn on whether France might have to be left out of the project if it failed to bring its public deficit to the required 3.0 per cent threshold.

The chancellor also omitted to use Bonn's usual formula that monetary union without France is inconceivable.

But Mr Kohl said it was wrong for Germans to preach to the French government.

Despite fears in Bonn that the new Paris government is half-

hearted about controlling its finances, Mr Kohl stressed the strength of Franco-German relations and insisted that the French "know what they want and what they are doing".

His call for restraint in judging Paris's chances was ignored, however, by Mr Michael Glos, Bonn parliamentary leader of Mr Kohl's coalition partner, the Christian Social Union of Bavaria.

In a newspaper interview today, Mr Glos said that if France failed to meet the Maastricht criteria, a postponement of the single currency would have to be considered.

Basque moderates close ranks

By Tom Burns in Madrid

Moderate Basque political parties yesterday presented a censure motion in the town hall of Mondragón, the centre of the area's industrial co-operatives, that will deprive Herri Batasuna, the radical party that supports the Euzko separatist movement, of its strongest municipal power base.

The motion is a key development in an unprecedented civic revolt against terrorism that followed the kidnapping and murder by Eta of a conservative councillor last weekend. The demonstrations have fuelled a strategy among Basque parties to close ranks in order to isolate Herri Batasuna politically.

Failure in the past among the parties to present a united front on the town council has allowed a Herri Batasuna member, Mr Xabier Zubizarreta, to serve as mayor of Mondragón, which has a population of 25,000, for the past 13 years, although his party holds only six of the council's 21 seats.

The censure motion will be jointly presented by the mainstream Basque Nationalist party, PNV, the smaller Basque party Euzko Alkartasuna and the Socialist party, which together hold 15 council seats. All three parties are coalition partners in the Basque country's autonomous government, which is headed by the PNV.

Under local government rules a censure motion against a mayor has to be debated within two weeks, and in Mondragón it will lead to the replacement of Mr Zubizarreta by a councillor representing the PNV.

The loss of the town hall is an important blow for Herri Batasuna, for Mondragón, the birthplace of a number of historic Eta leaders, was by far the biggest town it controlled. As the headquarters of Mondragón Corporación Cooperativa, Spain's tenth largest company in terms of sales, the town is also the emblematic centre of successful industrial worker-ownership. The all-party agreement to isolate Herri Batasuna is due to extend to other towns where its councillors have direct responsibility in local affairs. In 26 out of the Basque country's 25,000 municipalities, Herri Batasuna has an overall majority and cannot be dislodged until new elections take place, but most of these are small villages.

Herri Batasuna has been banned from holding a planned rally in San Sebastián today on the grounds that a gathering of Eta supporters would provoke the local population. Murder on trial, Page 7

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Heavy rains threaten more flood misery

By Kevin Done, East Europe Correspondent

Heavy rains returned yesterday to areas of southern Poland and the north-east of the Czech Republic, threatening further devastation to areas already engulfed by floods in the past two weeks.

Poland, which yesterday held a day of mourning for the 48 people who have died in the floods, completed the approval of more than 20 bills in parliament allowing the government to increase borrowing in order to provide additional aid for

stricken areas.

The flooding is threatening the timing of the Polish general election due on September 21. President Aleksander Kwasniewski yesterday supported the government's refusal to accept opposition calls for a state of emergency to be declared in the worst-hit regions, but warned: "If it turns out that tomorrow or the next day we are dealing with a serious threat to very many provinces of Poland, we will have no alternative, we will have to take the decision [to delay the election]."



Residents on Traugott Street in Wrocław, Poland receive fresh water and food supplies

Poland's central bank was forced to intervene to support the zloty which has come under heavy pressure amid fears that spending on flood relief could exacerbate

the budget deficit. In the Czech Republic, where at least 46 people have died in the floods, Mr Karel Kuchel, industry and trade minister, said damage

caused to manufacturing industry from the floods was estimated at Kč25bn (\$740m). The International Red Cross has issued an emergency appeal for aid.

Lithuania finds obstacles on road to west Europe

EU preference for Estonia rankles too, reports John Thornhill

The prison in the basement of Lithuania's Supreme Court building chills the bones both physically and figuratively. It was here, in the cold, lime-green cells of the former KGB headquarters, that many of the Baltic state's finest sons and daughters were imprisoned and tortured during the Soviet occupation. Menachem Begin, the late Israeli prime minister, was just one of those detained here in 1941 before being deported to Siberia.

A short tour of the prison, now converted into a museum, explains why the Lithuanians are so passionate about escaping the clutches of their tragic history and returning to the bosom of western Europe. The twin decisions this month to exclude Lithuania from the first wave of applicants to both Nato and the European Union have come

as sickening blows to the country, which only regained its independence in 1991.

There is a barely suppressed sense of disappointment, even anger, that the two Brussels-based institutions have deemed Lithuania unready to apply for membership. Mr Gediminas Vagnorius, Lithuania's soft-spoken prime minister, says it has been his government's top priority to comply with the EU's membership demands.

He fears the rebuff will only encourage reactionary Russians to meddle once again in the region.

Although the three Baltic states publicly express solidarity with one another, the latent centuries-old rivalries among them have clearly resurfaced during the race for EU membership. The commission's recommendation that only Estonia

should be invited to join accession talks next year has played up to that country's self-image of superiority, leaving Latvia and Lithuania seething on the sidelines. One Lithuanian official says the EU's attempts to rank the Baltic countries' suitability for membership is like trying to guess the height of three small boys in five years' time by looking at old snapshots. The analogy is not accidental: basketball is Lithuania's national sport and several of its giant countrymen star in the US professional leagues.

Ordinary Lithuanians, who have a reputation for fiery independence of mind and action, appear to believe the setback is only temporary - as, indeed, seems likely to be the case. "For Lithuanians, EU membership is as much political and psychological

as it is economic," says one banker. "We want to be seen to return to Europe."

Lithuanians appreciate that Nato membership may prove more elusive, given Russia's oft-stated hostility towards the admission of any of the Baltic states. But while they wait, Lithuanians are at least prepared to drink to its future.

A bar, called Nato's, has opened up in Vilnius's beautiful old city, complete with ornamental land-mines and artillery shell cases, and serving such delicacies as Pershing missile salads, consisting of beef and mayonnaise.

On a visit to Lithuania last year, Mr Javier Solana, Nato general secretary, dropped in for a drink. "This is a very particular place," he told the pan-Baltic City Paper. "Indeed, it is the first time I have ever seen anything like it in my life."

S Africa and EU closer to trade deal

By Joel Kibazo

The European Union and South Africa yesterday signalled a more friendly phase in their protracted negotiations on a bilateral trade and development pact.

The two sides said they had agreed a framework for removing the stumbling blocks that have held up progress in the talks. "We have been able to identify processes and mechanisms that take us forward more rapidly," said Mr Alec Erwin, South Africa's trade and industry minister. Mr Erwin held talks in Brussels with Mr João de Deus Pinheiro, EU commissioner for external relations.

The two sides gave few details about how they are to move the talks forward, but they reaffirmed plans to set up a free trade area. Terms and conditions for establishing the FTA have been one of the main obstacles to progress in the talks - particularly Europe's wish to exclude 40 per cent of South African farm products from the deal and the effect of an FTA on South Africa's neighbours.

Yesterday's meeting came a day after the publication of a European Parliament report which criticised EU governments for taking a "protectionist" stance in the current trade talks.

The report said: "The negotiating mandate provided for the European Commission by the council offers few openings in precisely those sectors of the economy where growth would produce opportunities for the majority of poor black South Africans."

However, the document acknowledges that agreement has already been reached in areas such as science and technology, and in granting South Africa partial access to the Lomé convention, which links the European, Caribbean and Pacific countries.

Mr Jacques Santer, Commission president, promised yesterday to examine Russian concerns about the definition, and possible changes in anti-dumping policy, and to raise them with EU states. He also reaffirmed Brussels's support for Russian membership of the World Trade Organisation by 1998, which, he said, would lead to full recognition of Russia's market economy status.

dumping measures - last month provoked Mr Boris Nemtsov, the reformist first deputy prime minister, to refuse to meet the EU trade commissioner, Sir Leon Brittan, on a visit to Moscow.

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INTERNATIONAL NEWS DIGEST

HK rapped on labour laws

An international labour organisation has criticised Hong Kong's move to freeze recent laws, saying it shows China reneging on assurances that basic labour standards would remain after it took over control from the UK.

The International Confederation of Free Trade Unions, which is based in Brussels, called Wednesday's suspension of labour rights laws by the territory's Beijing-backed legislature "a slap in the face for Hong Kong workers".

Ms Rita Fan, president of the legislature, has defended the suspension by saying the laws were passed in haste by the previous legislature and the government needs more time to examine implementation.

The government insisted there was no question of breaching international labour conventions, and stressed the laws had been suspended - rather than repealed - in order to assess their full impact.

● Hong Kong yesterday published police guidelines on banning demonstrations on the grounds of "national security", which includes advocating independence for Taiwan, Tibet, Ousted democratic legislators and human rights activists said the guidelines contravened freedom of speech. Louise Lucas, Hong Kong

NORTH KOREAN AID

Corn shipment 'not diverted'

The South Korean foreign ministry yesterday said North Korea had probably not diverted humanitarian food aid for its famine-stricken population when it shipped corn to Japan this week. Japanese officials were investigating the corn shipment after the conservative Japanese newspaper, the Sankei Shinbun, suggested that North Korea was exporting humanitarian food supplies to gain needed foreign currency. The Sankei Shinbun has opposed Japan giving food aid to North Korea.

The foreign ministry in Seoul told the South Korean news agency Yonhap that a North Korean vessel had apparently been hired to transport the corn from China to Japan. This supported similar claims made by North Korean representatives in Tokyo.

Instead of taking the more expensive route of directly shipping the corn from China, the corn had been sent to the North Korean port of Chongjin, then loaded on a North Korean ship that delivered it to the port of Aomori in north-western Japan. John Burton, Seoul

SCHENGEN AGREEMENT

German-Austrian border deal

Germany has agreed to abolish border controls with Austria next April 1, despite continued misgivings on the Bavarian state government's part that this could lead to an influx of illegal immigrants.

At a closed meeting on Thursday night in Innsbruck, German Chancellor Helmut Kohl promised his Austrian and Italian counterparts, Mr Viktor Klima and Mr Romano Prodi, that Germany would not delay any further the implementation of the Schengen accord, which allows passport-free travel among a group of EU countries.

As of next April, anyone can travel from Hamburg to Sicily without showing a passport at any border. Mr Klima hailed the accord as a victory for Austria, but the interior minister of Bavaria, Mr Günther Beckstein, said: "The time frame is far too ambitious." He called for a longer transition period. Eric Frey, Vienna

BRAZIL STATE CRISIS

Aid package for Alagoas

The Brazilian government was yesterday trying to put together an emergency financial package to ease the budgetary crisis in the north-eastern state of Alagoas.

The governor of the state has resigned to avoid an impeachment vote and the army has exchanged shots with striking police officers outside the state legislature. Mr Divaldo Suruagy stood down before state deputies began a vote over his role in a scandal involving allegedly fraudulent bond issues.

Three people were wounded in the exchange of fire on Thursday in the state capital, Maceió, when police officers, who are striking in protest at the non-payment of wages, clashed with members of the army who were protecting the state legislature.

Alagoas is the most extreme case of the fiscal crisis in many state governments. Geoff Dyer, São Paulo

TRADE BARRIERS CLAIM

Smith & Wesson complains

Smith & Wesson, the firearms maker, has lodged a complaint with the US government against Brazil, alleging discrimination against imported firearms. "Smith & Wesson has invested substantial time and energy to sell our products to customers in Brazil, with little success, mainly due to trade barriers established by the Brazilian government," the company said in a statement.

The Massachusetts-based Smith & Wesson is owned by Tomkins of England. It said Brazil had exported 2.5m firearms to the US since 1987 but US makers combined had exported only 5,789 to Brazil.

It said an estimated 180,000 small firearms were bought in Brazil last year, making it the second largest market in the world for these weapons. Reuters, Washington

US AID

Kiev unhappy with conditions

A top Ukrainian official has criticised a US aid package that keeps 1996 assistance at this year's level and makes half of it contingent on success in fighting corruption.

The chief of Ukraine's security council, Mr Volodymyr Horbunin, said the foreign aid bill approved by the US Senate "does not completely answer to what is going on in Ukraine". The Interfax news agency reported.

Mr Horbunin did not elaborate, but he appeared to be repeating the complaints of President Leonid Kuchma and other officials, who have said Ukraine has unfairly developed a reputation for corruption.

The \$13.2bn foreign aid package earmarks \$255m for Ukraine, with half the amount to be withheld pending proof of an anti-corruption campaign is successful.

The amount is the same as Ukraine is due to receive from the US this year, and again makes the nation of 51m people the third-largest recipient of American aid after Israel and Egypt. AP, Washington

JAPANESE ECONOMY

Self-sustaining recovery seen

Japan's Economic Planning Agency (EPA) said yesterday the economy was on the verge of a self-sustaining recovery, in the strongest official assessment of the economy in the last five years.

The EPA's annual report said: "The present state of the economy is close to one where we can say it is recovering autonomously led by private sector demand." It added that, although the recovery had slowed after the national sales tax was raised to 5 per cent from 3 per cent in April, it was not threatened and was set to continue.

Economists said the report was a fair description of the economy, although some warned it had yet to be confirmed by data for capital spending and consumption to be released in the next couple of months. Reuters, Tokyo

صلى الله عليه وسلم

BZW Securities in trading rules investigation

By Tracy Corrigan and Richard Waters in New York

BZW Securities, the US arm of Barclays Bank's investment banking business, is under investigation by financial regulators for a number of breaches of trading rules, according to several lawyers and former traders close to the matter. The investigation may point to widespread compliance problems at BZW's New York equities trading business, selling foreign stocks to US investors.

Mr Jeffrey Liddle, a partner at

New York law firm Liddle & Robinson, said that at least half a dozen staff had been sacked from the New York office of BZW as a result of compliance problems in the last two years. (Mr Liddle represents four former employees of BZW.) He said he was aware of several "situations involving lax compliance standards."

Another New York lawyer said he knew of "a number of people who had been contacted by the regulators" and noted that a client had spoken to both the Securities and Exchange Commission

and the New York Federal Reserve. A former BZW trader said staff from the equities trading and compliance units had left as a result of compliance problems.

"We don't comment on our relationship with regulators," said Mr Callum McCarthy, chief executive of BZW North America, who also said it was company policy not to discuss any dismissals.

He said BZW did take two operational losses totalling nearly \$80,000 caused by errors on trades with clients. A BZW official said the issue involved the incorrect

completion of error report forms. Mr McCarthy said the losses were isolated incidents due to accidental errors, and added: "Under no circumstances will we or have we taken on trading losses incurred by clients" who lost money

because the market had moved against them. BZW never guaranteed to clients in advance that they would be compensated if they lost money on correctly executed trades, he said.

"We believe that in taking on those operational losses we have not violated any securities trad-

ing rule," said Mr McCarthy.

Mr John Heine, a spokesman for the Securities and Exchange Commission, which oversees US securities regulation, said: "We don't have a rule which says 'do not compensate clients'. However, depending on the facts and circumstances of any given situation, there are any number of rules that might apply." The SEC declined to comment on whether it was investigating BZW. In line with its stated policy, The incorrect completion of documentation suggests disclosure rules may

have been breached, according to securities law specialists.

Separately, regulators are also believed to be investigating the circumstances surrounding BZW's dealings with a Guernsey-based hedge fund, InterCapital Asset Management, run by Mr Geoffrey de Siebert. People close to the investigation say regulators are asking if BZW supplied incorrect prices to Mr de Siebert, causing the market value of his holdings to be mis-stated. Mr de Siebert was banned by the UK investment watchdog in September 1996.

Internet security method on trial

By Louise Kehoe in San Francisco

US banks, credit card groups, retailers and technology companies yesterday launched trials of a method of ensuring the security of credit card purchases on the internet.

The trials, which will include the sale of airline tickets and sporting goods, are designed to establish the Secure Electronic Transaction (SET) protocol, jointly developed by Visa and MasterCard with several technology partners, as a worldwide standard.

In one pilot, Bank of America joins VeriFone, the leading supplier of credit card verification systems, which was recently acquired by Hewlett-Packard, in a SET demonstration sponsored by Visa. Initially, the trial will enable Bank of America employees to buy tickets from Alaska Airlines over the internet using VeriFone's software. Alaska also plans to include some of its frequent fliers in the trial.

SET "digital certificates" will be used to authenticate the identity of the consumers and merchants. When a purchase is made from a web site, the digital certificate containing encoded details of the buyer's credit card will be sent to the seller.

The certificate enables the merchant to verify the identity and creditworthiness of the consumer, while minimising the risk that the credit card number can be stolen by a hacker, or otherwise misused. The SET software then decrypts the order information and forwards the still encrypted payment information to the credit card processor for authorisation and settlement. The buyer receives a sales confirmation online.

The test would bolster confidence in the security of internet transactions, said Mr Bill Ayer, Alaska Airlines' senior vice president.

The use of digital certificates is an important step in the development of electronic commerce, added Mr Edgar Brown, senior vice president of First Union, a bank holding company which is conducting another SET trial with Visa.

Although the SET system appears to be gaining acceptance, broad implementation could take time because merchants and banks need to acquire SET software and digital certificates must be distributed to verify buyers' and sellers' identity.

Visa also announced yesterday the first "transcontinental" SET trial, enabling shoppers in Germany to buy from two online shopping malls in Singapore.

Daley to visit China for deficit talks

By Mark Suzman in Washington

Mr William Daley, US commerce secretary, is to visit China to press for further opening of its domestic market for US exporters, in the light of the soaring bilateral trade deficit between the two countries.

His announcement yesterday followed the publication of figures showing the US trade deficit with China in May rose 9.1 per cent to \$3.6bn, exceeding the closely watched deficit with Japan, which fell 25 per cent to \$3.5bn.

The overall US trade deficit for the month rose 17 per cent to \$10.2bn, fuelled by record imports and a small drop in exports of industrial machinery and telecommunications equipment.

The rise exceeded market expectations and reflected the continued US appetite for goods from abroad, with the biggest increases in imports coming in civilian aircraft, cars and industrial supplies.

Analysts warned that the drop in the Japanese deficit reflected a seasonal pattern and on a year-on-year basis it continued to increase.

However, Mr Daley said that while the rise in the Japanese deficit was "significantly slower" than the overall growth in US imports, the steady increase in the Chinese deficit was a bigger cause for concern.

He said he would meet Chinese officials in the autumn to discuss attempts to open their domestic market to outside companies in the context of the country's application to join the World Trade Organisation.

"China's economy has been growing at double-digit rates but its imports from the US and the rest of the world do not reflect that," he said.

Total imports for May stood at \$37.5bn, up from \$36.6bn in April, marking the seventh consecutive

US trade balance

Goods and services, \$bn



monthly rise. By contrast,

exports dropped 0.5 per cent to \$7.7bn as sales of capital goods, cars and food all fell.

However, economists stressed that the underlying trend in the deficit remained steady, and the unexpectedly big total partly reflected the continuing strength of the dollar.

"The weakness in exports should have been predictable based on how strong they were earlier this year," said Mr Ian Shepherdson, chief economist at HSBC Markets. "It doesn't mean the tide has turned."

Trade deficits with the US's two partners in the North American Free Trade Agreement (Nafta) also widened in May, with Canada's more than doubling to \$1.74bn and Mexico's rising by 21.7 per cent to \$1.7bn.

The overall trade surplus in services, a traditional US strength, rose 0.5 per cent to \$6.6bn, as net exports for the sector in the first five months of 1997 rose to \$4.3bn, up 9 per cent on the same period last year.

The trade surplus in agriculture also fell slightly to \$1.06bn, down from \$1.44bn in April. Exports dropped to \$4.24bn, down from \$4.5bn, as sales of soybeans, cotton and wheat all fell, while imports rose to \$3.18bn from \$3.01bn, reflecting increased purchases of coffee and rice.

Editorial Comment, Page 6

London store renews court battle to defend 'Crown Jewels' against a former associate

Argentina's Harrods seeks lost glory

By Ken Warr in Buenos Aires

Behind an imposing facade, the store covers only a few square metres of a building that occupies almost an entire block. Shoppers coming in from the busy streets might find it early quiet.

The menswear department, with its neat displays of everyday clothes, at least makes an effort. But assistants outnumber customers, and there are no takers for the cheap houses hanging limply from their racks, or some garish plastic combs highlighted in a display case.

Welcome to Harrods, Buenos Aires.

Beyond the plywood partitions surrounding the single, cramped trading floor lies a surprise. The pre-first world war store, empty and echoing, is almost perfectly intact. An atrium rises five storeys through the gloom to an oval glass dome. The bare floors are ringed by pristine Art Nouveau balustrades. Strip away some 1970s mirror-glass here, some 1960s op-art wallpaper there, and it could still be 1914.

The store was born after the directors of Harrods scoured the globe for a place to create a counterpart to their London store. They settled on Buenos Aires, the blossoming, fashion-conscious "Paris of the South".

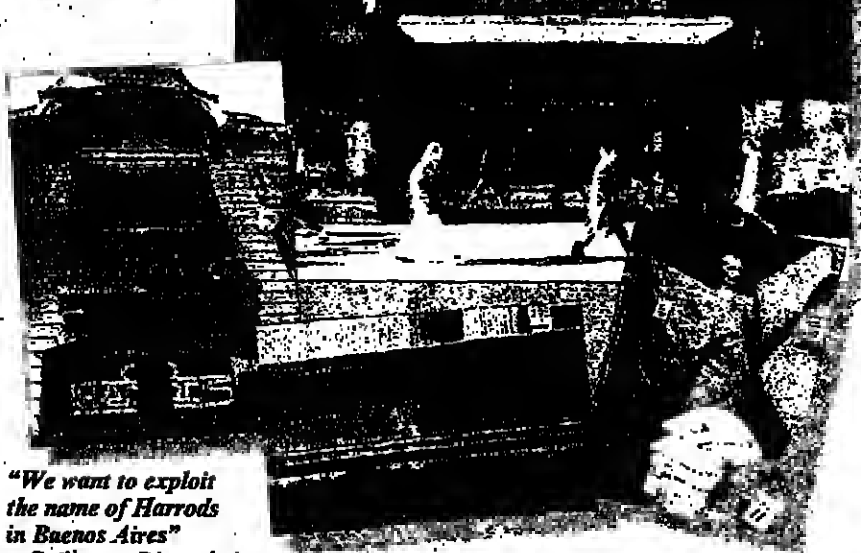
The top floor houses rows of narrow wooden cubicles, once home to countless clerks. Down one side are elegant, paneled offices. Here, with only an assistant, an electric fire and a few 1930s and 1940s Harrods catalogues for company, Mr Guillermo Diaz, chairman of Harrods (Buenos Aires) Ltd, is planning to recapture some lost glory.

"We want to exploit the business and the name of Harrods in an intensive way in Buenos Aires and in all of Latin America," he says. "We have been talking to European, US and Chilean retailers, some of whom are very interested in participating in the business."

Mr Diaz admits that the current operation is more symbolic than real, intended merely to ensure continuity of trading. But his hopes have been bolstered by a London high court ruling last January that there is no contract or licence in force to prevent Harrods (Buenos Aires) from dealing in the name in Latin America.

"We will get this store up and running first, then gradually look at markets in Chile and Brazil, then Ecuador, Colombia and Venezuela," he says. The company, owned since 1979 by Swiss and Italian investors, is evaluating the possibilities "and we expect the project to be finalised shortly".

The other Harrods



"We want to exploit the name of Harrods in Buenos Aires" - Guillermo Diaz, chairman

Harrods of Knightsbridge has other ideas. The British company has lodged an appeal, which is due to be heard next year, and is steadily attacking its rival's efforts to register the name in Latin America.

"The name Harrods is like the Crown Jewels to us," said a spokesman in London. "We will do what is necessary to protect it."

The two companies shared a series of directors until

1945, but the British company sold the last remaining shares in its southern sister in the 1960s and the two drifted apart. The Buenos Aires operation struggled on through successive political and economic crises, before dwindling to its current reduced circumstances in the 1990s. Talks on a reunion with London foundered.

Mr Diaz is impatient. Buenos Aires, a city of 12m people, no longer has a

department store and he believes he can steal business from the city's new shopping malls and hypermarkets.

He grows eloquent about the economic transformation of Latin America and the tide of foreign capital flooding into Argentina. The Harrods directors who approved the creation of the Buenos Aires store all those years ago would doubtless find his words curiously familiar.

Japan says it will intervene to back baht

By Gillian Tett in Tokyo

Japan yesterday pledged that it would intervene in the currency markets to help the Thai baht if further Asian foreign exchange turmoil made this "necessary".

The offer was made as the Thai finance minister, yesterday concluded a visit to Japan to win Tokyo's support. The currency has fallen 15 per cent since Thailand's decision to float the baht on July 2.

After Mr Bidiya met Mr Hiroshi Mitsuoka, Japan's finance minister, a senior Japanese official said both men had "agreed to co-oper-

ate closely in the markets where necessary". This includes Japanese authorities' intervention for the "Thai baht," he said.

However, the Japanese government refused to indicate what resources might be used for such intervention. And there was little sign that Japan had offered Thailand any concrete support package to help it overcome its financial problems.

Tokyo wants to show that it can provide regional financial leadership, but is reluctant to commit itself to firm action yet - particularly while Thailand's

policies remain uncertain.

Many Japanese authorities are reluctant to offer any form of help without a broader international monetary fund agreement and tight regional co-operation. Japanese officials yesterday said Thailand had not requested financial support from the IMF yet.

Ms Mineko Sasaki Smith, economist at Credit Suisse First Boston in Tokyo, said: "They are all waiting for someone else to take the lead and take action."

Yesterday's fall in the ringgit to a 38-month low was prompted partly by the

surprising lack of intervention from Malaysia's central bank.

It normally intervenes aggressively to support the currency, but traders said it seemed to have given up the fight. The ringgit closed at 2.6300 to the US dollar.

The Singapore dollar hit a 30-month low of S\$1.4668 to the US dollar, but analysts said Singapore was comfortable with a weaker currency, because of the boost it would give exports.

Additional reporting by Geoff Dyer in São Paulo, and Greta Steyn and Simon Kuper in London

Win for warlord may be best for Liberia

Charles Taylor could win power by the ballot box after failing with the bullet

By Michela Wrong

When Liberia's polling stations open today for the first elections in 12 years, few of those queuing to choose a leadership for the traumatised West African state will be unaware of the day's chilling historical irony.

Mr Charles Taylor, escaped convict turned warlord, may finally achieve through the ballot box what he failed to achieve in a seven-year conflict that cost 200,000 lives, displaced half the population and devastated the economy.

Even more ironically, that outcome may be the best for all concerned. Analysts have warned that a victory by anyone other than the power-hungry Mr Taylor risks triggering a revolt by his

supporters and fresh outbreak of fighting.

Mr Taylor, now tipped as the leading contender among 13 presidential candidates, triggered the beginning of Liberia's collapse when he invaded from Ivory Coast in 1989, bent on overthrowing Mr Samuel Doe, the Krahn president.

By the time his Gio and Mano fighters had reached Monrovia and were committing atrocities against civilians, the biggest regional power, Nigeria, had decided to intervene. Under the umbrella of the Economic Community of West African States (Ecomog), Abuja sent in the Ecomog regional force. Regarded by many diplomats as a trend-setting example of Africa policing itself, the operation was founded on Nigeria's belief

that Mr Taylor was a dangerous firebrand capable of destabilising the entire region.

Seven years later, that fear has proved in part correct, with the Liberia factor discernible in strife in Sierra Leone, Gambia and Guinea. Nonetheless Nigeria, providing funding along with several western donors for the elections, is now insisting that elections take place.

Weariness has set in. Keen to withdraw from a country seemingly doomed to eternal strife, Nigeria has rejected demands by most of the parties to delay elections that Liberia is clearly ill-prepared to stage.

The polls were originally scheduled for May; now they are being held in the wettest part of the year, when roads turn to mud and parts of the

country become inaccessible. Many villagers in the interior may be unaware an election is being staged. Others get their news exclusively from Mr Taylor's short-wave radio station.

Between a third and a quarter of the population, camped as refugees in neighbouring countries, will be excluded. The actual electorate is a tiny 700,000.

Security remains a problem. Despite warnings from Ecomog, electioneering has already turned violent in areas controlled by Mr Taylor, with his supporters attacking rival party representatives.

Running against Mr Taylor are two rival warlords: Mr George Boley, a leader of the Krahn tribe, and Mr Alhajj Kromah, candidate for the mainly

Mandingo Ulino party.

Their campaigns are dwarfed by the slick professionalism of Mr Taylor, who can tap profits made exporting rubber, timber and iron. Should either win, Mr Taylor may reactivate his young fighters - a major challenge for an Ecomog force that says it has only 10,000 of the 16,000 troops needed to control the situation.

Middle-class Liberians are pinning their hope on Ms Ellen Johnson-Sirleaf, a former United Nations official and one-time cabinet minister, the only woman in the race and regarded as the most serious civilian contender. But as they cast their votes, Liberians could decide it is wiser to give Mr Taylor what he wants rather than face the frightening consequences of his fire.

White House facing more patronage wars

By Bruce Clark in Washington

The approval of Mr Joel Klein as chief trust-buster at the Justice Department has cleared up one wrangle over who should police mergers, but even harder patronage wars over prized regulation jobs may lie ahead.

Mr Klein, who has been involved in recent days in trying to head off a transatlantic trade war over Boeing's merger with McDonnell Douglas, was confirmed by the Senate on Thursday after fending off attacks on his telecoms policy. Senator Ernest Hollings, one of 12 Democrats who voted against him, remains sceptical and intends to "keep a careful watch" on an official he once accused of "rolling

over and playing dead" when faced with controversial telecoms mergers.

Mr Hollings is the top-ranking Democrat on the Senate appropriations committee - which has the power to withhold funding from the Justice Department. Mr Klein won the grudging approval of his main Republican critic, Senator Conrad Burns, who doubted his soundness on many issues: radio ownership, the terms for local telephone companies to enter the long-distance market, and potential monopoly issues relating to the software company Microsoft.

Senator Hollings will not be so easily satisfied. His failure to block Mr Klein is likely to redouble his determination to win another

appointment battle - over the succession to Mr Reed Hundt as chairman of the Federal Communications Commission. Senator Hollings is rooting for Mr Ralph Everett, a successful lawyer who also enjoys the support of the congressional Black Caucus. But Washington observers believe the next FCC chief is more likely to be Ms Kathleen Wallman of the National Economic Council who, like the present incumbent, is a protégée of Vice-President Al Gore.

If the administration rebuffs Mr Everett, this could exacerbate complaints among the Senate's Democratic minority that the President cares less about his own party than pandering to Senate Republicans. Baby Bell ruling, Page 24

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TELECOM ITALIA S.p.A.
Registered Office at 15 Via San Dalmazzo, Turin
Corporate Headquarters and Secondary Office at 41 Corso d'Italia, Rome
Share Capital L. 7,421,251,726,000, fully paid-in,
consisting of 5,255,131,631 ordinary shares and 2,166,120,095 savings shares
Entered under No. 286/33 in the Ordinary Section of the Company Register of the Court of Turin
Tax I.D. No. 00471850016

NOTICE TO STOCKHOLDERS

MERGER BY ABSORPTION OF TELECOM ITALIA INTO STET CHANGE OF COMPANY NAME FROM STET TO TELECOM ITALIA TRANSFER OF THE ABSORBING COMPANY'S REGISTERED OFFICE

Effective date of the merger and distinguishing characteristics of the absorbing company

Notice is hereby given that, as required under Article 2504 of the Civil Code, the last filing with the Company Register of the Instrument of Merger of SIP - Società Italiana per l'Esercizio delle Telecomunicazioni p.a., also known as Telecom Italia S.p.A., into STET - Società Finanziaria Telefonica - per Azioni was carried out on July 18, 1997.

Therefore, as set forth in the Plan of Merger approved on April 30, 1997 by the Stockholders' Meetings of both companies, the transaction became effective as of that date, except for the areas covered by Sections 5 (dividend ranking data for the shares distributed upon exchange) and 6 (accounting and tax consequences) of Article 2501 *bis*. Consequently, the absorbed company ceased to exist and the name Telecom Italia S.p.A. was taken over by the absorbing company, which transferred its registered office to 15 Via San Dalmazzo, Turin. For accounting and tax purposes the merger became effective as of January 1, 1997.

Starting on July 21, 1997, the shares of the absorbed company will be delisted from the automated screen trading system of the Italian Stock Exchanges. At the same time, the shares of the absorbing company will continue to trade under the new name Telecom Italia.

Exchange of the shares of Telecom Italia, the absorbed company, and replacement of the STET shares outstanding

As of July 21, 1997, the shares of the absorbed company, Telecom Italia, will be exchangeable for those of the absorbing company, in accordance with the following ratios:

1.8 ordinary shares of Telecom Italia for every 1 ordinary share of STET (par value 1,000 lire, ranking for dividend as of 1/1/97);

1.72 savings shares of Telecom Italia for every 1 savings share of STET (par value 1,000 lire, ranking for dividend as of 1/1/97).

As of the same date, the STET share certificates currently outstanding will be replaced with new certificates bearing coupons No. 1 and following and the new company name Telecom Italia S.p.A. (ISIN codes: ORD IT0001127429; RP IT0001127437; RN IT0001127445).

From July 21, 1997 until September 5, 1997 exchanges of shares and replacements of certificates may be carried out at the following Company offices:

34 Via Bertola and 23 Via Belfiore, in Turin, and

41 Corso d'Italia and 189 Via Flaminia, in Rome, as well as

at the authorized banks listed at the bottom of this announcement or through Monte Titoli S.p.A. for the shares which it manages.

After September 5, 1997, share exchanges and certificate replacements may only be carried out in Turin at the Company offices listed above and in Rome at the Company office at 189 Via Flaminia.

In accordance with the agreements concluded with the absorbing company, INTERSIM has agreed to trade any fractional shares stemming from the exchange until September 5, 1997, insofar as this is necessary to allow the exchanging stockholders to round out to the next higher or lower integer the number of shares they are entitled to receive. These trades will be executed at the closing price for STET shares on July 18, 1997, through the abovementioned Company offices, authorized banks, and Monte Titoli for its members. After September 5, 1997, fractional shares may only be cashed in at the closing price on the last stock market day prior to the date when the exchange is made.

No charge will be incurred by the stockholders in connection with share exchanges, certificate replacements or any trade in fractional shares.

The newly-issued share certificates will be made available to the stockholders entitled to receive them through the Company office or authorized bank with which the original exchange or replacement request was filed.

As was the case for the STET shares outstanding prior to the merger, the new shares obtained as a result of the exchange may be deposited with Morgan Guaranty Trust Company of New York, 60 Wall Street, New York, N.Y. 10260, U.S.A., to obtain the issuance of ADRs listed on the New York Stock Exchange.

* * * * *

Share capital of Telecom Italia S.p.A. after the merger

On July 18, 1997, a certification showing the amount of the new share capital of the absorbing company was also filed with the Company Register. The new share capital, which totals 7,421,251,726,000 lire, consists of

5,255,131,631 ordinary shares and

2,166,120,095 savings shares

all with a par value of 1,000 lire each.

The share capital has therefore been increased by 2,140,039,605,000 lire, equivalent to 1,420,819,510 ordinary shares and 719,220,095 savings shares. This amount also reflects the impact which the requests of stockholders to have their shares liquidated, following the amendments to the Bylaws approved on March 26, 1997 by the Stockholders' Meetings of STET and Telecom Italia, the absorbed company, have had on the share capital of STET (112,805 ordinary shares and 26,205 savings shares) and Telecom Italia (93,796 ordinary shares and 329,901 savings shares).

* * * * *

Notice pursuant to Article 1/5 *bis* of Law No. 216 of June 7, 1974

As required under Article 1/5 *bis* of Law No. 216 of June 7, 1974 and CONSOB Resolution No. 10234/1996, notice is hereby given that we were informed by the Ministry of the Treasury on July 18, 1997 that, following the capital increase of 2,349,420,791 ordinary shares and 13,477,353 savings shares carried out by the absorbing company to accommodate share exchanges, the interest held by the Ministry in the absorbing company has decreased to 44.71% of the ordinary share capital and 0.62% of the savings share capital, compared with 61.27% of the ordinary share capital and 0.93% of the savings share capital prior to the abovementioned increase.

* * * * *

Notice pursuant to Article 10, Section 4, of Law No. 149 of February 18, 1992

As required under Article 10, Section 4, of Law No. 149/1992 and CONSOB Resolution No. 7835/1994, notice is hereby given that, following the change in company name from STET to Telecom Italia S.p.A., with the concurrent transfer of the Company's registered office to 15 Via San Dalmazzo, Turin, as of July 18, 1997 the parties to the voting agreement among the stockholders of SIRT1 - Società per Azioni are Pirelli Cavi S.p.A. and Telecom Italia S.p.A.

TELECOM ITALIA S.p.A.
Guido Rossi
Chairman of the
Board of Directors

AUTHORIZED BANKS

In Italy:

The usual authorized banks.

Outside Italy:

London:

Banca Commerciale Italiana S.p.A. - 42/46, Gresham Street - London EC2V 7LA

Credito Italiano S.p.A. - 17, Moorgate - London EC2R 6AR

Banca di Roma S.p.A. - 87, Gresham Street - London EC2V 7NQ

New York:

Banca Commerciale Italiana S.p.A. - One William Street - New York, N.Y. 10004

Credito Italiano S.p.A. - 375, Park Avenue - New York, N.Y. 10152

Banca di Roma S.p.A. - 34, East 51st Street - New York, N.Y. 10022

Morgan Guaranty Trust Company of New York - 60, Wall Street - New York, N.Y. 10260

Paris:

Banca Nazionale del Lavoro S.p.A. - 26, Avenue des Champs Elysées - 75008 Paris

Frankfurt am Main:

Istituto Bancario San Paolo di Torino S.p.A. - 55, Eschersheimer Landstrasse - D60322 Frankfurt am Main

Zurich:

Lavoro Bank A.G. - 21, Talacker - 8001 Zurich

Buenos Aires:

Banca Nazionale del Lavoro S.A. - 40, Florida - 1005 Buenos Aires

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Cash

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BUSINESS
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Financial
Times

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Speculators drawn by prospect of more windfall payouts

Cash pours into mutuals

By Christopher Brown-Humes and Wolfgang Münchau in London

Building societies, mutually-owned home loans and savings institutions, attracted their biggest cash inflow for 11 years last month as carpebaggers hoping for windfall payouts besieged branches in a "feeding frenzy".

A total of £1.64bn (\$3bn) poured into the UK mutuals - more than double the £878m attracted in May, according to the Building Societies Association.

Mr Adrian Coles, BSA director-general, denounced the speculators, saying they were disrupting service. He

said societies were under "intense pressure" from carpebaggers, and press speculation had "created an atmosphere akin to a feeding frenzy in some branches".

The figures come amid uncertainty over the future of Nationwide, the UK's biggest remaining building society, which may be forced to convert to a bank if rebels, seeking election to its board on a pro-conversion ticket, triumph. The outcome of the vote, to be announced next Thursday, is being watched by other societies who fear a domino effect if Nationwide does convert.

"July 24 could go down as the defining moment in the history of building societies," said one executive.

It emerged yesterday that J.P. Morgan is advising Birmingham Midshires, a medium-sized society, over its options, including conversion or flotation.

The society, which has been at the centre of intense speculation for the last 18 months, reckons it has attracted 300,000 carpebaggers so far this year, in spite of increasing its minimum opening balance to £2,500.

Bradford & Bingley, a committed mutual with a £500 minimum balance, has opened half a million new accounts this year, with about half believed to be carpebaggers.

The remaining mutuals are proving a popular home

for windfall proceeds and accounts switched from societies which have converted to banks, including Halifax, Woolwich and Alliance & Leicester.

Savers see it as a "no lose" situation because they generally get better rates with a mutual - with a windfall possibility on top.

Meanwhile, M4, the Bank of England's main indicator of broad money supply, rose to its highest level for seven years, a warning sign of future inflation and a possible trigger for further interest rate rises.

The indicator rose by an annualised rate of 11.6 per cent in June, according to the Bank of England, the UK's central bank.

UK NEWS DIGEST

Universities set for boost

British universities are set to enter an era of unparalleled expansion if the government backs proposals for a mass system modelled on the best in the US and Japan, to be published by Sir Ron Dearing's committee on higher education next week.

In setting out a vision of higher education over the next 20 years, the committee is to call for a lifting of the cap on student numbers, introduced by the Conservative government in 1993 in order to stop public expenditure on universities from spiralling out of control. At the same time, the committee is also expected to ask the government to "plug the funding gap", which is forecast to rise to £2.2bn (\$3.5bn) by 2000.

It wants to see a reversal of the planned public expenditure cuts in higher education, inherited from the previous administration, which would see the funding fall by 6.5 per cent over the next three years. If these cuts take place, the committee will warn, they would mean that the level of funding per student would have shrunk by over 50 per cent since the mid-1970s.

But while taxpayers and students - who are expected to face tuition fees - will be asked to contribute to the growing cost of higher education, big business is unlikely to be asked for extra funds.

Simon Turpet, London

HUMAN RIGHTS

Indonesian aircraft deal attacked

The government yesterday faced a strong attack from one of its own backbench MPs over its decision to allow the completion of the controversial sale of 16 Hawk aircraft to Indonesia.

Ms Ann Clwyd, a former shadow cabinet member, said the refusal to revoke the £160m (\$267m) contract between British Aerospace and Indonesia sent "completely the wrong signal to a government with an appalling human rights record".

It was also attacked by Mr Mendez Campbell, the Liberal Democrats' foreign affairs spokesman. "There is absolutely no justification for the UK to be supplying arms to a regime whose suppression of internal dissent and its aggression towards the people of East Timor is so well documented," he said.

The formal announcement of the Hawk decision has not yet been made. However, the Financial Times has learnt that ministers have decided to allow the deal to proceed, in part because of legal advice that there are "formidable obstacles" in the way of revoking the £160m contract between British Aerospace and the Indonesian government.

Robert Peston, London

SOCCER

Recompense agreed over stadium

The English Sports Council has agreed that millions of pounds in compensation will be paid to Wembley for the profits the publicly-quoted leisure group will lose during the construction of the new national stadium.

The project, which will be partly financed with £120m (\$200m) of lottery money, will take up to three years to complete. During that period, Wembley would expect to make between £20m-£30m from events at the stadium.

The estimates are based on the most recent figures, which show that the group made a profit of £14.1m from the Wembley complex last year, most from the stadium itself.

Government rules forbid the use of lottery funds for profit-making enterprises so the money for Wembley's compensation will come from the additional £120m the National Stadium Trust - the non-profit making body which will hold the stadium's lease - plans to raise in private loans. The trust will eventually pay back the loans from income generated by the stadium. However, the council will not be factoring into its compensation payments any growth in profits Wembley might enjoy during the reconstruction period.

Patrick Hurverson, London

MCDONALD'S LIBEL TRIAL

Company abandons legal pursuit

McDonald's, the fast food chain, has abandoned legal efforts to halt distribution of critical leaflets or to collect damages it was awarded after a record-breaking libel trial.

The decision not to pursue either matter casts further doubt on McDonald's "victory" in its 318-day libel case against two environmental activists in spite of the verdict in its favour. The deadline to seek an injunction against further distribution of "What's Wrong with McDonald's" leaflets or to seek an order for costs passed on Thursday.

The trial was widely interpreted as a public relations disaster for McDonald's because its business practices were closely scrutinised in court. Its legal costs exceeded £10m (\$16.7m). The US company and its UK subsidiary were awarded £80,000 in damages last month, but the High Court judge found that some of the defendants' criticisms were justified. Ms Helen Steel and Mr David Morris, who conducted their own defence, said they could not afford to pay the damages. McDonald's said yesterday the trial had achieved its purpose.

Mr Jeremy Corbyn, a Labour MP, yesterday called for "sanctions" against McDonald's and for the removal of multinationals' right to sue for libel. *Clay Harris, London*

INVESTMENT FUNDS

Fids delay 'damaging sector'

The investment funds industry warned yesterday that the government's delay in announcing a new policy on foreign income dividends (Fids) was damaging the UK fund management industry.

The Association of Unit Trusts and Investment Funds said companies planning to establish investment funds in the UK had been put off by the government's proposal to abolish Fids from April 1998. The government is now understood to be rethinking its position.

"The uncertainty is undermining our attempts to market the UK as a centre for investment funds", Antif said. It added that any reform to the proposed abolition of Fids should take into account the needs of investment funds. Fids allow companies and funds to distribute income which has been earned and taxed abroad to investors without incurring UK tax. The abolition of Fids will mean the double taxation of overseas earnings for many companies and funds.

Roger Taylor, London

ROYAL MINT

Warning over first £2 coin

Britain's first £2 (\$3.24) coin could go out of circulation almost immediately when it becomes legal tender in November because the Royal Mint is printing millions too few to satisfy projected demand, the slot machine industry warned yesterday.

Bacta, the trade body representing the amusement machine industry, said half the 50m coins to be launched by the Royal Mint would be used in the country's 450,000 amusement machines. Much of the remainder would go into vending machines, resulting "in a complete absence of £2 coins from circulation almost as soon as it is launched", according to Mr John White, head of law and administration at Bacta.

The amusement machine industry has spent at least £10m on converting machines to accept the new coins. The Royal Mint said it was difficult to estimate demand. "If we have made an error, it would be in anticipating demand. But if there is a shortfall, we'd produce as many as possible."

Scheherazade Daneshkhan, London

Sales of beef up to pre-crisis levels

By Maggie Urry

A recovery in retail sales of beef to pre-BSE crisis levels, has been hailed as a significant point in the return of consumer confidence. Sales plunged after the UK government said in March last year that "mad cow" disease could be passed to humans.

According to figures from AGB, the retail research group, sales of fresh and frozen beef in shops in the four weeks to June 29 were 0.6 per cent above the same period of 1995. They were 22 per cent higher than in June last year.

Mr Gwyn Howells, marketing director for the Meat and Livestock Commission, said: "A lot of hard work has gone into restoring confidence in British beef and these figures are a testament to the efforts of the whole industry."

Sales had been recovering slowly and steadily for the last 12 months, the MLC said. These figures did not, however, represent a complete recovery.

Catering sales were still below their pre-crisis levels, although the recent decisions by leading burger chains to resume purchases of British beef and by a number of local authorities to put it back on school dinner menus were encouraging, the MLC said.

The rise in sales in part reflects efforts by retailers to promote beef, through cut-price offers and marketing schemes. The MLC said the average price of beef, across the range of cuts, was 574.5p per kg in June this year, 3.3 per cent lower than in June 1995, and 1.2 per cent lower than in June last year.

However, beef prices at livestock markets were beginning to rise and this could work through to prices in shops.

Conditions are right, says Sinn Féin chief

By John Murray Brown, in Dublin

There was mounting hope of a new Irish Republican Army ceasefire last night, after the release of a statement from Mr Gerry Adams, the Sinn Féin president, that he had approached the IRA's Army Council and expected a response "without delay". Sinn Féin is the political wing of the IRA.

It was clear earlier in the day that something was afoot when Mr Adams issued a joint statement with Mr John Hume, leader of the moderate nationalist Social Democratic and Labour party, suggesting that the conditions were right for "inclusive talks in a peaceful atmosphere".

Mr Adams is thought to have held a series of meetings with the IRA earlier this week. The critical event in the apparent change of mood on the republican side was the government's refusal to bend to pro-British Unionist demands for arms decommissioning during talks, which is anathema to the IRA.

The sight of Mr David Trimble, the Ulster Unionist leader, emerging empty handed from the UK prime minister's office in Downing Street on Thursday may well have convinced the IRA that it could rely on the government to stand up to Unionist blandishments.

But yesterday's developments make next week's meeting of the multi-party Stormont talks no less crucial. The parties are due to vote on a joint British-Irish document on arms decommissioning. If agreement is reached, substantive talks could start in September.

Having been in the driving seat on the decommissioning issue, the UUP could now find itself accused of scuttling



Mo Mowlam, the Northern Ireland secretary, with Ray Burke, the Irish foreign minister yesterday

ing the peace process if it refuses to endorse the joint government position.

Speaking after a meeting of the Anglo-Irish Intergovernmental Conference in London, Ms Mo Mowlam, the Northern Ireland secretary, and Mr Ray Burke, the Irish foreign minister, said the document would remain unchanged.

Earlier this week, in an article in the Belfast-based Irish News, Mr Adams had taken a conciliatory line, repeating that "there will be no peace unless Unionists are not a part of shaping that peace". Little mention was made of Sinn Féin's con-

cerns about decommissioning, suggesting that the party had already settled for what was on offer.

When the government published its correspondence with Mr Martin McGuinness, Sinn Féin's chief negotiator, it was clear to outsiders that there was no longer any requirement for arms to be handed in during negotiations, as Unionists demand.

Disarmament is now merely an "aspiration" - with the government stressing that any handover would have to be voluntary and could not be prescribed in advance as the Unionists wanted.

Peace prospects may be more than mirage

The prospect of another Sinn Féin/IRA ceasefire brings to Northern Ireland hope and trepidation in equal measure. In the narrow sense that any pause in the mindless terrorism which scars the province is welcome, this latest move should, and will, be applauded.

But it raises the inevitable question. Has republicanism really concluded that now is the moment to break with its historic commitment to violent struggle? Or is this, as many of Ulster's Unionists will suspect, another tactical ploy, just the latest cynical swerve in a strategy in which the bullet and the ballot box are ruthlessly rotated to maximum advantage.

The answer is that we cannot know for sure. Vast piles of secret intelligence reports swamp the desks of the senior officials in London who have treated with Gerry Adams and his colleagues in Sinn Féin/IRA through and beyond the last abortive ceasefire. But quiz them on the organisation's true intentions and they will admit it is impossible to say with any certainty.

What they will tell you is that the republican movement has a collective Sinn Féin/IRA leadership. In other words, Mr Adams would not have issued his statement unless his terrorist commanders had not given their consent. Beyond that, the experts add, there are clear indications that Mr Adams and Martin McGuin-



Philip Stephens

ness have seemed serious in their intent.

Who knows, though, the relative strength of the various factions within the Sinn Féin/IRA leadership? Even if Mr Adams and Mr McGuinness do want peace, no one can say that the hawks within whom they share the republican leadership are willing to put away their Armalites and Semtex for more than a few months.

What happens when republicanism has to confront head-on - as it surely must if Mr Adams does get to the negotiating table - the reality that any political settlement in the province must preserve the Unionist veto over a united Ireland?

The terms in which the ceasefire is framed - and observed - may provide some clues. This time, we should remember, both governments have demanded that any cessation must be observed in deed as well as word. That means the targeting, the surveillance, and the punishment shootings, which continued through

the 18 months of the last ceasefire, this time have to end.

But even if those terms are met, there will be no certainty. As Sean O'Callaghan, the former terrorist commander who is now among republicanism's harshest critics, has pointed out, it may be that Mr Adams sees a ceasefire as a purely temporary expedient to bolster his organisation's attempt to elbow aside the SDLP and establish Sinn Féin/IRA as the pre-eminent party of Irish nationalism. If that is the case, the objective also will be to drive a new wedge between the British government and Unionism.

None of these theories can be discounted. But that is not to say that they are cause enough to dismiss the slim chance that a durable peace could yet be in prospect. The British and Irish governments have set the conditions for Sinn Féin/IRA's participation in the multi-party talks, if those terms are met, Mr Adams should be allowed to sit alongside the representatives of the loyalist gunmen.

Unionism then has to make its choice. The easiest response would be to walk away, to pre-empt the outcome at the outset. But how wise would that be? No one need close their eyes to the possibility that peace is still a cruel mirage. But there is probably no other serious choice than to put republicanism to the test.

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COMMENT & ANALYSIS

FINANCIAL TIMES

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The new US economy

The US economy is flying high. It has entered the seventh year of growth and, aside from a recession that hardly warrants the name, the upturn has been sustained since the early 1980s. The Dow Jones Industrial Average continues to rise to unprecedented heights. So has the US returned, uniquely, to the golden era of steady growth, low inflation and low unemployment?

Maybe it has: growth was an annualised 5.9 per cent in the first quarter and was still above the long-term trend of 2½ per cent in the second. Unemployment is at the lowest levels since 1973, and inflationary pressure is weak.

The economic cycle has lengthened, but that does not mean it has come to an end: while lower inflation has spread across the world, stable growth has not. Europe and Japan have suffered sluggish economies, which may even have helped the US. The strong dollar also means that import prices have been falling over the last two years. As other economies pick up, inflationary pressures may increase everywhere.

Yet some suggest that the US has a "new economy" that can grow faster than before, without price and wage pressure. Behind this, they argue, are globalisation, which makes supply and demand more fluid, and new technology, which brings big productivity gains.

But why should the US perform differently from other countries for these reasons, since they apply just as much elsewhere? Indeed, small economies should feel the effects of globalisation still more, since they are so exposed to international competition.

Productivity gains

The US is largely a service economy. Proponents of the view that the economy is transformed argue that new technology brings large, unmeasured increases in service sector productivity. This is indeed understated in the official statistics, as Mr Alan Greenspan, chairman of the Federal Reserve, has acknowledged. But this must also be true in other advanced countries.

Moreover, concealed productivity gains in the service sector do not mean the old rules are irrelevant. Data for productivity and output are intimately related. If productivity is growing faster than official numbers suggest, so must output be. The economy's growth is simply

above its measured trend. What matters for inflation is not the actual rate of growth, but the difference between actual output and the full employment level. At present, however, the rate of unemployment is below the level that normally sets inflation rising.

Mr Greenspan has pointed to worker insecurity as the principal reason for subdued wage pressure. Even though unemployment is low, people are nervous about their jobs. More people are on short-term contracts than in the past and many have accepted lower wage growth in return for greater job security. Mr Greenspan has pointed to the number of people who leave their jobs voluntarily as a good indicator of worker security. This has been low - indicating insecurity - but it has begun to creep upwards.

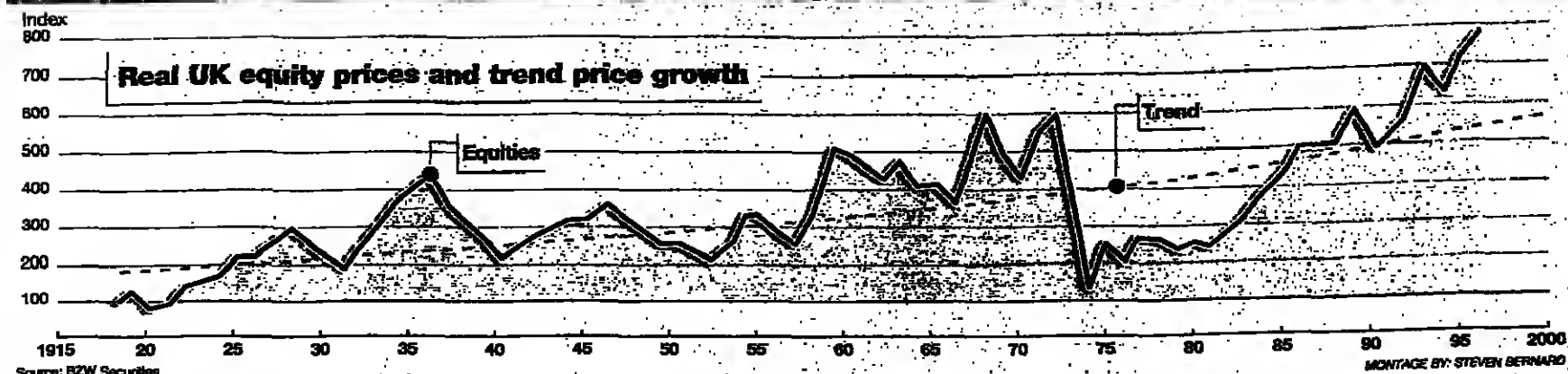
Job insecurity

Mr Greenspan told Congress last March that "job insecurity cannot suppress wage growth indefinitely", but what is "unknown" is when a more normal pattern will resume. The percentage of households saying that jobs are plentiful has risen, as have measures of consumer confidence. The normal pattern may well resume soon.

If one reason why the US performance has been different from that of others has been job insecurity, another has been the superior performance of its central bank, which has made fewer mistakes than its European and Japanese counterparts. Under Mr Greenspan, the Federal Reserve coped well with the effects of the stock market crash in 1997 and again with the recession of the early 1990s. In 1994 it began tightening interest rates as a pre-emptive measure against inflation.

The US has enjoyed stable growth because it has successfully exploited the opportunities created by the global environment of lower inflation. It has done so because it has a flexible labour market and an astute central bank. This combination has brought the economy back to the happy conditions of the 1950s and 1960s.

Yet things can still go wrong again. One obvious risk is excessive complacency about the risks of inflation. Another is financial exuberance, driven by the view that everything has changed forever. If everybody becomes convinced that low inflation and steady growth will continue, they are almost certain to come to an end.



Between greed and fear

John Plender wonders if the bull market is about to make way for one of the bear variety and considers the tell-tale signs

Euphoria reigned in the markets earlier this week, with equity indices in the US and Europe hitting all-time peaks. Anyone who professed a pessimistic view risked being trampled in the bullish stampede. Yet the question cannot be dodged: was this the bull's last roar before a new bear market?

By historic yardsticks equities have been overvalued for quite some time. The extent of the overvaluation in the UK emerges from the accompanying chart from the annual EZW Equity-Gilt Study. This shows the deviation of share prices from their long-run growth path after adjusting for inflation.

At the end of last year share prices were 44.7 per cent above trend. A recalculation by Mr Vishal Pathak of EZW for the Financial Times this week, based on the movement in the FT All-Share index to end-June, shows the figure rising to 49.7 per cent after the big surge since the start of the year.

As overvaluations go, this is not quite stratospheric. The comparable figure at the peak of the late 1990s bull market was 64.9 per cent. In 1936 it reached 90.3 per cent.

But if the present bull market ranks only number three in terms of the century's excesses, the chart none the less has an important message for investors. Contrary to the conventional wisdom, it does not pay to buy and hold equities for the long term when prices are in dangerous territory.

Those who bought at the peak in 1936 had to wait until 1939

before they recouped the real value of their capital. Similarly, anyone who bought at the top in 1968 saw no real capital appreciation from their investment before 1993.

Indiscriminate buying and holding is no strategy, then, for investors in their 40s and 50s who are putting money aside for retirement. Timing matters. But in this case, how do you tell when a market is about to turn?

Since markets reflect human behaviour, there is no easy answer. But a number of broad generalisations can be made. The first is that stock and bond markets tend to go up when economies are weak, leaving surplus liquidity to buoy up asset prices. They go down when recovering economies make greater demands on the pool of global liquidity to finance increased output.

Because the present economic cycle has been relatively unsynchronised, with the main economies moving out of step, there has been plenty of liquidity about. Combined with declining inflationary expectations, this has permitted lower real interest rates on bonds since around 1992, which is traditionally helpful to equities.

In due course, liquidity will become more scarce as the leading economies operate closer to capacity. Such market tightening is then usually reinforced by government policy. The authorities take action to prevent inflation by raising short-term interest rates.

Sometimes markets turn down immediately. The Tokyo market began its descent in 1990 from the moment the Bank of

Japan started to raise rates. On other occasions the market responds only after a delay. In 1929 the US Federal Reserve raised the discount rate in August. The crash did not come until October.

Fiscal policy, meantime, has an important bearing both on overall demand and corporate profitability. Since profits underpin stockmarket valuations, this can have a vital influence on market turning points.

The end of the long 1970s bear market in the UK was signalled, for example, by the introduction of stock appreciation relief for companies that were being squeezed by inflation. But it took several weeks for the stock market to twig that the relief was real.

Turning points are often accompanied by signs of international monetary friction, or changes in the pattern of global capital flows. According to the economic historian Charles Kindleberger, credit strains in London caused British and other foreign banks to call in outstanding loans to American stockbrokers just before the 1929 crash.

The withdrawal of Japanese money from Wall Street in the course of 1987 was followed by a row between Mr James Baker, then US Treasury secretary, and the Germans over the threat posed to the dollar by higher German interest rates. This helped precipitate the dramatic change in investor expectations that caused the 1987 crash.

The lag between policy change and market response can usually be explained by one final, crucial

ingredient to establishing a market turning point: human psychology, or more crudely, the balance between greed and fear.

At the peak of a bull market, investors forget about market valuation and buy for short-term capital gain. Many borrow to do so. In a highly leveraged market, euphoria can quickly turn to panic as loans secured on stocks and shares are called in.

To a British investor it will be immediately apparent that many of the prerequisites for a bear market are already in place. British monetary policy is on a course of progressive tightening. The dividend tax changes of Mr Gordon Brown, the chancellor, in the recent Budget seriously detract from the portfolio merits of equities for the big investment institutions.

The reduction in the net dividend yield is particularly important because dividends account for around two-thirds of the total return to equities over long periods. As for corporate profits, those in the tradable goods sector of the economy are already under immense pressure as a result of sterling overvaluation. Question marks over the future of European monetary union are also a danger signal.

Equities have none the less been soaring. Yet in practice the excitement is confined to the big capitalisation stocks that are satellites of Wall Street. In the real heartland of UK equities, where the prices of second-line stocks have been weak, a bear market may already have set in.

This leaves us with the broader question of what happens to US equities, which lead the world's capital markets. With the US

economy operating beyond full capacity and the economic impetus building up across the world, there will inevitably be more pressure on global liquidity in future, leading to higher bond yields. The next interest rate move from the US Federal Reserve will, by common consent, be upwards. So, too, with Germany and Japan.

Complacency rules on Wall Street, where the conviction that US business has worked miracles of productivity bears a marked resemblance to 1929. Meanwhile, friction still hovers over the US-Japan relationship. It is not difficult to think of reasons for Japanese capital flows to change direction.

A downturn thus cannot be far away. Whether it turns into a serious bear market depends on whether the real economy remains robust in the face of precipitous falls in the markets.

On the evidence of recent years, a bigger threat comes from imprudent banking than sharp market adjustments. Moreover, there is nothing to compare with the atrocious policy framework that produced the nightmarish bear market of the 1970s. The post-communist world is a benign environment for capital.

The tricky element of the equation is the extent of leverage - or borrowing - in the market. This inevitably becomes clear only after the event. But given the very powerful demographic pressures pushing the market upwards, the most likely outcome is a short, sharp valuation adjustment, followed in due course by a resumption of the upward trend.

near Cologne in Germany. He has bought investment bonds from a savings bank. The bank adds an annual bonus to the value of the bond, rather like a "with-profits policy" in the UK. Even this low-risk investment has risen in value from DM65 to DM89 in just nine months. But Mr Meyer is still unwilling to buy shares directly, having seen friends lose money in the markets. "I am not so wealthy that I can afford to lose a few thousand marks," he says.

Such attitudes illustrate that there is still a long way to go before Europe catches up with the equity culture of the US. There, 36 per cent of households own mutual funds, whereas in Europe, most countries struggle to top the 10 per cent level. But if markets keep rising, and savers continue to get low returns elsewhere, it will not be long before Europe looks more like Wall Street.

Additional reporting by Daniel Bögler

The lure of easy money

European investors are developing quite a taste for shares, writes Philip Coggan

Mr Gerd Joos, a pharmacist from Ludwigshafen in his 50s, is a traditional German investor. The bulk of his money is in cash and bonds. When he did dabble in shares, in the late 1960s, he lost 80 per cent of his money on a speculative fund.

Recently he has changed his attitude. He describes the 4-5 per cent available from bonds as "hardly the kind of returns to get excited about". As a result, on advice from his bank manager, he bought Siemens shares at around DM78 last autumn. By this week, he was sitting on a 53 per cent profit.

Mr Joos is not alone. Private investors all over Europe are discovering the delights of owning shares. Low interest rates and soaring share prices are persuading savers to abandon their traditional caution and trust their futures to equities.

The fact that market indices are breaching, or close to, round-number highs - 5,000 for the

FTSE 100 index, 8,000 for the Dow Jones Industrial Average and 4,000 for the Dax - is both a symptom of, and part of the fuel behind, investors' enthusiasm for stocks. Few can resist the lure of easy money, and as they move into the market their money drives prices higher. "It's a self-feeding mechanism," says Mr Joe Rooney, global strategist at Lehmann Brothers.

Many European investors have long been suspicious of the stock market, preferring their money to be safely invested in bonds and deposits. They have not suffered to the same extent as British investors from high inflation, which has eroded the real value of fixed income investments.

But the trend has started to change. By the end of 1996, the number of European investment

funds had increased by 73 per cent and net assets by 150 per cent since the beginning of the 1990s, according to the Fédération Européenne des Fonds et Sociétés d'Investissement. Net purchases have set further records this year, according to Lehmann Brothers.

The enthusiasm has spread across the Continent. Last year alone, the value of investment funds in Finland rose by 123 per cent, in Greece by 58 per cent and in Italy by 55 per cent.

Typical of the trend has been Spain, where the value of investment funds has risen by Ptas4,700bn (£18.5bn) in the first half of the year. "Spaniards are used to double-digit interest rates; they are not used to such low rates," says Ms Monica Morales, a senior broker at

Société Générale in Madrid. "They think they must do something better with their money."

In Germany, the fashion seems to have been given a push by the privatisation of Deutsche Telekom, which was extensively marketed. Enthusiasm for new issues carried over to ProSieben, the TV company, which saw its offer 50 times subscribed and its shares rise to a 30 per cent first-day premium, as private investors scrambled to buy stock.

Spanish investors are also on the lookout for flotations. "Private investors treat new issues as money for jam," says Ms Morales. "They apply for a bloated amount of shares in order to get the allocation they want. The shares then go up 30 per cent on the first day."

Part of the reason for the

enthusiasm for equities may be a generational shift. According to Mr Richard Westcott, an executive director of Fidelity, the fund management group, the company's investors are much younger in Germany, where the average age is 38, than they are in the UK, where the average is 54.

Mr Jörg Brock, a strategist for private clients of Commerzbank in Germany, says that "the younger generation is inheriting money from their parents, whose savings, unlike those of previous generations, have not been wiped out by war or depression".

Publicity about the forthcoming "pension crisis" in Europe may have raised doubts in savers' minds about governments' ability to provide for them in their old age. According to Mr Norbert Walter, chief economist

of Deutsche Bank, the accumulated assets of pension funds in Germany amount to below 6 per cent of gross domestic product, compared with about 60 per cent to the US and more than 90 per cent in the UK.

There is still an element of caution. Many investors are not buying shares directly but are opting for tailor-made products from banks, which eliminate some of the risks of share ownership. "Guaranteed funds are very popular," says Mr Stéphane Hild, chief executive of SocGen Investment Management. "Basically you get 100 per cent of your money back and, say, 80 per cent of the rise in an index such as the CAC-40 over the period."

A cautious approach has been followed by Mr Herbert Meyer, a 70-year-old retiree who lives

Optimistic about opera house

From Ms Liz Harwood.
Sir, I too was present at Monday's gala performance marking the closure of the Royal Opera House. However, as on many occasions in the past, on reading Clement Crisp's article "Hollow farewell at Covent Garden" (July 16), I have doubts as to whether we attended the same event.

My perspective admittedly was different - sitting in the cobbled piazza of Covent Garden among a highly enthusiastic and diverse crowd of some 4,000 who had the opportunity to watch the event free of charge on the big screen. Perhaps if Mr Crisp climbed the stairs (soon to be transformed into escalators in the exciting redevelopment programme) he might discover a rather different side to the Opera House. In the amphitheatre and slips seating hundreds he would find an audience of arts lovers who do not have "a remoteness from the life

of the greater part of the nation", some of whom pay as little as £4 for opera and £1.50 for ballet. Even at lower levels within the auditorium the "preposterous prices" do compare favourably with a typical price of a Premiership football match or an evening in a wine bar.

It is true there have been enormous inefficiencies within the management of the House in the past. However, the new facilities have been specifically designed to enable speedy and less labour-intensive work practices in the future. And it is well known that with the arrival of air conditioning the management is committed to wider television coverage. I and many others look forward to the new House with great optimism and excitement.

Liz Harwood,
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LETTERS TO THE EDITOR

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Argument detracts from logic of Emu

From Mr Peter Ludlow.

Sir, David Buchanan's valedictory piece on France ("An exception in Europe", July 12-13) was, like everything he writes, full of interest and insight. It was, therefore, all the more regrettable that he gave fresh credence to the idea that "Paris launched the European Economic and Monetary Union" to offset the imbalance introduced into the Franco-German relationship by German reunification.

It is an argument that simply does not hold water for several reasons, including by no means

least, chronology. The Delors committee, which planned Emu, was set up by the European Council in 1988. The European Council meeting which endorsed the subsequent report, decreed that Emu stage 1 should begin in mid-1990 and approved the idea of an intergovernmental conference to prepare for stages 2 and 3, took place in Madrid in June 1989. Few places at the time expected the Berlin wall to come down, let alone Germany to unite.

The real problem with Buchanan's argument is, however, not only that it is wrong, but that

it distracts attention from long-standing pressures in the European political economy which made Emu seem a logical development in 1988, and which make it a near certainty sooner or later, however much the present French government may be tempted to make a dash for "freedom".

Peter Ludlow,
director,
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Irish punt is the exception

From Dr Dan McLaughlin.
Sir, It is not true, as Mr Persaud states (Letters, July 9) that all European exchange rates are currently within 3 per cent of their ERM central parities, so enhancing the attractiveness of setting Emu conversion rates at such parities.

The clear exception is the Irish punt, which is some 11.5 per cent above the weakest ERM currency and almost 11 per cent above its central rate against the D-Mark. Consequently, conversion at ERM central rates would involve a significant punt devaluation.

This carries inflationary risks in what is a very open economy, and such risks are compounded by the strength of economic growth in Ireland: real gross national product grew by a cumulative 25 per cent in the three years to 1996, and on current evidence growth this year

will be 7 per cent or more, bringing the cumulative rise to more than 23 per cent.

Although inflation is only 1.5 per cent and wage growth is capped by a three-year agreement there are signs of asset price inflation which would be exacerbated by a fall in Irish interest rates in 1998, in the run-up to Emu.

So, if Emu goes ahead, will Ireland be the exception in setting a conversion rate different from its central rate, or will the Irish government have to revalue the punt in order limit the size of the ultimate devaluation?

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مكتبة الامم المتحدة

No longer a one-man brand

The Versace label may struggle to survive the death of its founder, writes Alice Rawsthorn

On the morning after Alfred Herrhausen, chief executive of Deutsche Bank, was killed by a car bomb, the Frankfurt stock market faltered before resuming its bull run. Like Deutsche's shares, it had risen by the end of the day. Herrhausen was one of the most prominent financiers of his generation and an influential figure in German politics. Yet there was never any doubt that an able successor would be found to replace him, nor that one of Europe's highest banks would survive his death.

The murder this week of Gianni Versace, the Italian fashion designer, was as brutal as Herrhausen's. But the commercial impact on his company is far greater, even though it is far smaller than Deutsche Bank. Versace not only founded his business, and designed the products bearing its name, he literally embodied it. Anyone who buys a Versace suit chooses to do so because of his personality.

"Gianni Versace is one of the few brands known all over the world," says Mr Peter Wallis, a partner of SRU, the London-based management consultancy. "The brand identity is all about Versace himself, his rock-star friends and his milieu."

Other entrepreneurs have attained such high recognition that public perceptions of their companies are infused with their charac-

ters. The energetic, irreverent image of Mr Richard Branson is inseparable from that of his Virgin airline, as is Mr Warren Buffett's folksy all-American ethos from Berkshire Hathaway, his investment group.

Yet the nature of the fashion industry means that the relationship between brands and the public persona of their figureheads is exceptionally close.

People might fly Virgin because it is cheaper than other airlines or the in-flight massages sound tempting, rather than because of Mr Branson's antics. Similarly, Berkshire Hathaway investors may be enticed by its impressive share price performance, rather than by joining Mr Buffett at an Omaha Royals baseball game before its annual general meeting.

Purchasing a costly item of designer-branded clothing is different. Everyone needs clothes, but not expensive ones. Consumers only spend \$2,000 on a Versace frock or \$120 on sunglasses emblazoned with his glitzy Medusa medallions if they want to.

The commercial success of Gianni Versace, and other fashion designers, is deter-

mined by their ability to make their brand seem more desirable than their rivals'.

Designers trigger that desire in different ways. Gucci and Prada, the long-established Italian leather makers, now evoke a casual, contemporary elegance. Issey Miyake and Rei Kawakubo, the Japanese designers, have a cerebral appeal stemming from their experiments with textile technology, as does the young Austrian, Helmut Lang. Chanel conjures the classic French chic once personified by Coco Chanel, and recently modernised by Karl Lagerfeld. Yves Saint Laurent is renowned for the innovations with which he redefined the modern woman's wardrobe in the 1960s, even though he has been a recluse for over a decade.

Gianni Versace could not claim any stylistic firsts, or technical feats - other than a flair for using minimal amounts of fabric to reveal as much flesh as possible. Instead, he reinterpreted other designers' innovations - the mini skirts popularised by Saint Laurent in the 1960s, or the slip dresses revived by John Galiano in the 1990s - in a vivid palette and opulent details that



expressed his extrovert character. He also proved extraordinarily adept at drumming up publicity.

In the early 1990s, when other designers complained that the newly famous supermodels were too expensive and were diverting media attention from their clothes, Versace paid them unprecedented fees of \$10,000 to Naomi Campbell, Cindy Crawford, Linda Evangelista and Christy

Turlington, the stars of George Michael's *Freedom* video, to appear at a fashion show finale lip-synching the song's lyrics.

Photogenic celebrities were bombarded with freebies. When Elizabeth Hurley, then a B-list actress, needed a dress for the premiere of her boyfriend, Hugh Grant's movie, she knew Versace would lend one. The paparazzi close-ups of her cleavage between

gilded safety-pins revived Hurley's career and produced pages of free publicity for Versace.

Famous fashion photographers, such as Richard Avedon and Mario Testino, filmed Versace advertising campaigns featuring pop stars such as Madonna, Jon Bon Jovi and Elton John, who posed obligingly in the front row of the shows.

Magazines ran features on the lavish lives of Gianni and Donatella, his peroxide sister, among the Picassos and Lichtensteins in their \$6m Miami mansion and \$7m Manhattan townhouse, where the Elton John suite was furnished by the artist, Julian Schnabel. The singer reciprocated by dedicating a room to Donatella in his *Backstreet* mansion inspired by Elizabeth Taylor's role in the film *Cleopatra*.

To his detractors, Versace and his designs were gaudy, overblown and vulgar; but to devotees, they were warm, generous and vibrant. Fashion designers have always sold to the *nouveaux riches*, but most prefer to present their clients as being more refined. Versace, the son of a Calabrian dressmaker, was utterly one-upped by flaunting

the fruits of his success, and his customers revelled in his excesses.

Mike Tyson is reported to have spent \$150,000 at the Versace boutique in Las Vegas before his first fight with Evander Holyfield there. Elton John usually orders one of everything from the men's collection, as well as a couple of women's dresses for drag. At the other end of the spectrum, Essex shopping streets and Miami's South Beach are filled by Donatella-look-alikes clutching medallioned handbags.

By buying into the exuberant Versace aesthetic, these people helped his company to increase wholesale turnover from £200m in 1990 to £1,700m (£875m) in 1996 and pre-tax profits from £26m to £175m. The company was planning a flotation in Milan and New York next spring.

Other fashion brands have survived the loss of their founders, but most struggled for a while, as Chanel did until Karl Lagerfeld's arrival in the mid-1980s and Gucci before Tom Ford's more recent appointment. The exception was Christian

Dior, who died as suddenly as Versace when he suffered a heart attack after choking on a fishbone in 1957. Yves Saint Laurent, his 21-year-old assistant, unveiled an acclaimed debut collection for Dior, but he was dropped a few seasons later when his iconoclastic designs offended Dior's conservative clients.

The Versaces are fortunate in that Donatella, who assisted Gianni for more than a decade, shares her late brother's flamboyant sensibility and has the same star-studded names on speed dial. She now seems set to succeed him as chief designer, while their elder brother, Santo, continues to take care of the finances as president.

Yet even Donatella - a mother-of-two whose first comment to her husband when their hotel room rocked in a Los Angeles earthquake was "Paul, Paul, my [face] creams!" - will find it tough to turn her own personality into the company's greatest asset.

The flotation plans have gone on ice while Donatella and Santo try to rebuild the business without Gianni. But if the Gianni Versace group had gone public before Tuesday's murder, its shares - unlike those of Deutsche Bank - would almost certainly not have risen; they would have plummeted.

London falling out of the picture

Antony Thorncroft says EU rules are harming the art market

This week Sotheby's and Christie's, the world's two leading fine art auctioneers, laid down the gavel in their main London salerooms and closed for a long summer break.

On first inspection, trade could hardly be better. Christie's has announced global sales for the first half of 1997 of (\$930m), its highest for seven years. And in the past six weeks, Sotheby's auctions in London have brought in more than £130m, with a Van Gogh landscape selling for \$3.8m, the highest price recorded in Bond Street since 1990. It was all very reminiscent of the glory days of the late 1980s, when art seemed to be every rich man's favourite investment.

But behind the temporary frenzy there is deep concern that London's position as a leading participant in the antiques trade, second only to New York, is under threat.

London's dominance rested on two entrenched attributes - the expertise of its dealers and its auction houses, and the lack of restrictions on the movement of works of art in and out of the country. The Swiss owner of a Picasso painting knew he could sell it in London with no tedious financial and legal red tape.

This is now changing. The drive from Brussels for harmonisation of tax and law throughout the European Union is chipping away at London's position as an *entrepreneur*. With turnover estimated at about £2bn the UK still accounts for almost 70 per cent of European trade in art and antiques, but weaknesses are appearing.



In 1995 the UK was forced to impose value added tax at 2% per cent on works of art imported from non-EU countries, with the tax scheduled to rise to 5 per cent in 1999. This is still lower than in other EU countries, but it is proving enough to deter some non-European collectors from sending works of art to London for sale. Last year such imports fell from £1bn to nearer £600m.

It is not so much the extra financial burden that is starting to discriminate against London. Many art owners in Latin America, the Middle East and Asia are reluctant to let officials know about their collections. It is dealing with bureaucracy, as much as the cost, which persuades them to

send antiques to unfettered New York for disposal.

The UK art trade, both auction houses and dealers, has become worried enough about the situation to form the British Art Market Federation and to appoint a Christie's director, Mr Anthony Browne, to lobby for it in Brussels. His task is to persuade other European governments that, by adopting the UK approach of unrestricted trade, Europe as a whole can nourish an art market to rival that of the US.

He is gaining some support in France, where the government recognises that bureaucracy has virtually killed off Paris as a centre. But persuading countries with minimal trade in art to give up tax revenue for some

uncalculable gain will be difficult.

On top of VAT, Brussels is now threatening another burden, *droit de suite*, which gives a resale royalty to artists and their heirs stretching back 70 years. It is in force in many EU countries. And in a drive for harmonisation the UK is being put under pressure to bring in a levy of between 2 per cent and 4 per cent.

The problem with such a tax is that it is difficult to administer and hardly affects most artists, applying only to works that are resold for more than \$200. It is estimated that 75 per cent of the money raised in France goes to the heirs of just six artists, the hardly impoverished descendants of Picasso, Matisse, Braque and so on.

The UK's freedom from *droit de suite* has undoubtedly been a factor in boosting sales of German expressionist artists in London. But if the UK accepted the tax, vendors would simply send their paintings to New York for sale.

The impact of VAT and *droit de suite* will be mainly felt by London dealers trading at the top end of the market. Over the past 20 years the big auction houses have established salerooms and offices throughout the world. Sotheby's and Christie's can nicely calculate the most remunerative place to send an antique for auction.

"The art market is very sensitive, and depends on perceptions," says Mr George Bailey, managing director of Sotheby's in Lon-

don. "If everyone says the market in London is eroding, it will erode."

Dealers certainly cannot afford to be sanguine. Seventy per cent of the treasures sold by Mr Giuseppe Eskender, the leading London dealer in oriental art, come from abroad and about 95 per cent are exported.

He is now considering decamping to New York, where he held a first successful exhibition in May. "I have to employ an extra person because of all the new paperwork and I get nothing for sale or return from abroad now." Only sentiment keeps him in London.

Such sentiment is under great stress. Around him in Bond Street the old London antiques scene is disappearing rapidly. One of the great dealers, Wildenstein, has switched its operation to New York, keeping only an office in London; long established Old Master dealers, such as Agnew's and Colnaghi's, are leaving out their Bond Street frontages to fashion shops and trading from the back of their premises. Declining trade over the past seven years, and the high rentals offered by fashion houses, are persuasive factors behind this trend.

Mr Chris Smith, the heritage secretary, is sympathetic to the pleas of the art trade. But the government must decide whether it is worth risking continuous skirmishes with its European partners over an issue that affects a select few.

If London loses its dominance, however, tourism and scholarship will also be hit. And Europe will have lost a business to the US - with no obvious gain.

One murder too many

The killing of a councillor may be a turning point for Basque terrorism, says Tom Burns

If the death of my son serves to end this evil, then I welcome it," says the mother of Miguel Angel Blanco, the town councillor kidnapped by Eta and found dying a week ago with two bullets in his head.

In her grief, that comfort may be at hand. For the first time, after nearly 30 years of abductions, bombings and shootings, Basques have come out forcefully against the terrorists in their midst. After some 800 deaths attributed to Eta's separatist campaign, they have said *basta* - enough.

The mood has changed swiftly and perceptibly. It confounded those who believed that a society subjected to endemic violence had learnt to live with those who perpetrate such horrors.

The tide began to turn on July 1 when police scored a notable success against Eta. They rescued a prison officer held captive by the terrorists for nearly 18 months in a damp underground cell. The emaciated figure of Mr Jose Antonio Ortega Lara shocked public opinion. Ten days later Eta struck back by targeting Blanco. But its latest outrage breached whatever tolerance the terrorist group still enjoyed.

It is too early to say whether this swell of emotion will fuel a peace process. There is no sign that Eta is considering a unilateral ceasefire that would pave the way for a settlement. But the civic revolt against violence may be a step on that path.

A pro-Eta rally has been banned today in San Sebastian, the graceful turn-of-the-century seaside city that has long been a stronghold of Herri Batasuna, the political wing of the separatist gunmen. Significantly, the rally has been banned not by Madrid - the oppressive, occupying power, in Eta parlance - but by the Basque government. This is run by moderate nationalists and has wide-ranging home-rule powers, including responsibility for security.

The ban would have been inconceivable had not hundreds of thousands marched through the streets of Bilbao, the Basque country's main city, demanding Blanco's release. His murder triggered a wave of pent-up repugnance against the terrorists that caught by surprise the twin camps of Basque nationalism: the mainstream Basque Nationalist party and Herri Batasuna, which share the broad aim of self-determination.

Public pressure, as vigils and requiems for Blanco took place throughout the week, has forced the Nationalist party leadership to end attempts at constructive engagement with the radical nationalists. The watchword now among the moderate nationalist politicians is:

isolate Herri Batasuna. In Bilbao, San Sebastian and across the Basque country, this is already happening with often-menacing implications. Herri Batasuna offices have been stoned and businesses run by supporters boycotted.

Yesterday the Nationalist party reached agreement with other parties to end Herri Batasuna's control of the town hall of Mondragon, nerve centre of the Basque country's industrial co-operatives. Herri Batasuna, which had more seats than any other party on the council, had obtained the post of mayor thanks to the support of moderate nationalists.

The Nationalist party says it will no longer work with Herri Batasuna in the 75-member Basque parliament where the moderates hold 22 seats and the radicals 11.

In a notorious example of co-operation between the two nationalist camps, both parties had sponsored a motion calling on the Madrid government to regroup 502 Eta prisoners in jails in or near the Basque country.

This was the same demand that Eta made when it held the prison officer captive and when it subsequently kidnapped Blanco. "Eta has ended all possibilities of regrouping the prisoners," says Mr Bald Azcas, a Basque Nationalist party spokesman in the Madrid parliament.

In a telltale sign of the changed mood, three jailed Eta members - two serving 30-year sentences - have publicly condemned Blanco's murder, calling on Eta to end its "armed struggle".

According to San Sebastian-born Mr Jaime Mayor Oreja, the interior minister in Madrid's Popular party government, the eventual pacification of the Basque country rests on the ability to channel nationalist opinion against the gunmen.

"Eta has survived because of the weaknesses and divisions among democratically minded Basques who only wish to live in peace," he says. "In order to suffocate the culture of violence, there must be an implacable civic and political opposition to Herri Batasuna."

Sectarian confrontation in the Basque country is a real possibility as this strategy is played out. As it seeks to isolate the terrorists and their supporters, the Nationalist party leaders in the Basque government must steer a narrow path between sustaining the momentum of the revolt against Eta and maintaining public order.

But the stage has been set for a Basque solution to a Basque problem. The fanatical world of Basque radicalism has been confronted with what it had never before encountered: opposition from its fellow Basques.

Eli Broad has a vision of restoring the heart of downtown Los Angeles, says Christopher Parkes

The man to save LA

Mr Eli Broad seems a man dazzled, perhaps blinded, by a vision of a Los Angeles embellished and restored as an exemplary 21st century city.

In place of today's dead-by-night downtown district, where Victorian-era carved-brick and stucco buildings crumble alongside a modest crop of underused glass towers, he imagines a buzzing commercial and cultural hub.

Its primary axis will be a limestone concert hall, designed by Mr Frank Gehry, the Santa Monica architect basking in acclaim for his Guggenheim Museum in Bilbao, Spain. The long-planned project will be named after Walt Disney, another local boy made good.

Mr Broad, the founder, chairman of SunAmerica, a pensions and insurance company with \$6bn of assets under management, sits at a map showing eight planned or proposed developments strung through the city's centre. For him, the sketched-in Disney Concert Hall - a sports arena, hotel, museum, entertainment centre, music school and a Raf-

ael Moneo-designed replacement for St Vibiana's Roman Catholic cathedral rattled to near-ruin by successive earthquakes - represents the rebirth of civic majesty. "No good city ever achieved greatness without a centre," he says. And if Los Angeles is - now merely "good", it is certainly getting better, he says.

Thanks to its status as the main US centre for Pacific trade, focus of the multi-media industries and entertainment, it is a rallying ground for 21st century businesses, he claims.

All the jobs lost by defence industry contraction and recession have been replaced. The proliferation of smaller companies - arguably the source of most wealth creation in the US today - and LA's bewildering demographics, mark it out as a potential model for the multicultural city of the future. Such a place, Mr Broad insists, cries out for a focal point where cultures can mingle in amenities such as sports arenas, theatres and concert halls that are not economically feasible in suburbia.

Mr Broad is one of a new generation of civic-minded leaders who are replacing

the former business elite which has been eroded by the merger of financial institutions or - in the case of industrial incumbents such as Hughes Aircraft and Northrop Grumman - swallowed by out-of-town raiders. Mr Broad sees a revival of the city's business centre as the inevitable result of economic recovery, the size of the local market and LA's role as the nation's trading gateway.

San Francisco's Wells Fargo, which swallowed First Interstate and closed its LA headquarters, and Bank of America, which bought Security Pacific in 1993, both have more than 60 per cent of their customers in southern California. Mr Broad points out. The implication is that LA is far too important to be left to branch offices. He sketches a line of four scratchy blobs on his pad to represent London, New York, Tokyo and LA. It is his view that it would be ridiculous to discount Laland as a potential world-class financial centre.

Mr Broad, 63, who helped found LA's Museum of Contemporary Art and spent \$20m endowing a management school at his alma mater Michigan State University, was persuaded last

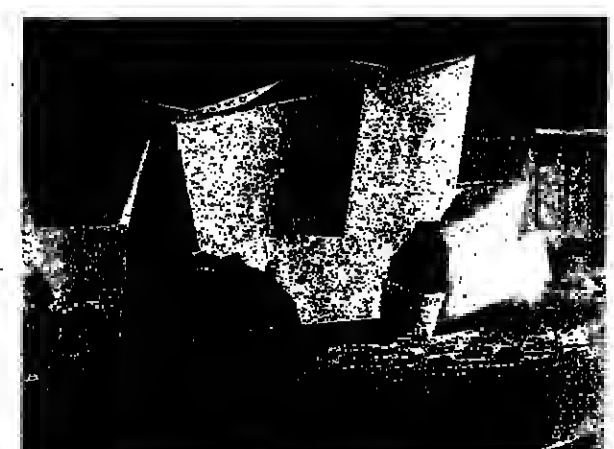
year to champion the Disney Hall. He was convinced by Mr Richard Riordan, a former dealmaker who entered public life three years ago as the city's mayor.

The duo, both New Yorkers by birth, have since squeezed about \$70m from local companies and individuals to set the scheme back on track. They are already looking forward to the first concert, planned for January 2001.

Seeding the fund-raising with \$5m each, they have enlisted local supermarket mogul Mr Ron Burkle, the Atlantic Richfield oil group and Times Mirror, publisher of the Los Angeles Times. So far, barely a penny has emerged from Hollywood. Oddest of all, not a bean has been seen from Walt Disney himself.

In spite of Broad's futuristic outlook, it appears the region's leading industry is still locked in the tribal antagonisms of the past.

"Unfortunately, the entertainment industries - despite the opportunity to become involved in the mainstream - prefer to stay with one another in one group," he says. He is referring to the lingering effects of the old rifts between the



Blinding vision: plans for the Disney Concert Hall

Jewish west side and downtown Los Angeles.

Old antagonisms also lie at the root of the Walt Disney group's reluctance to join LA's new civic leaders. Although its founder belonged firmly on the West side of the tracks, the family and even the company are believed to be split over the issue of a memorial to Walt.

The original endowment of \$50m to build Disney Hall was a gift from his widow Lillian, made in 1987. However, his nephew, Roy, now a member of the group board, was no favourite of his uncle, and the differences were sharpened further when Mr Michael Eisner,

chairman, fired Mr Ronald Miller, Walt's son-in-law.

Disney, which keeps its family - and as much of its business affairs as possible - under wraps, is believed to be reviewing its position. With no significant donations booked since April, Mr Broad could use a lift if the hall is to be ready for what Mr Eisner likes to call "Mickey's Millennium".

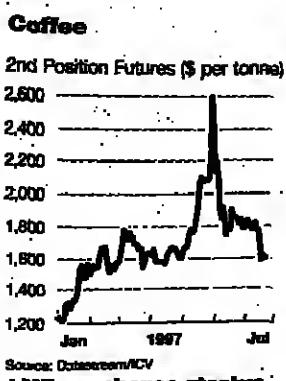
Money apart, Mr Broad's most significant achievement may yet prove to have been to resurrect the belief that the long-moribund project will go ahead. He has raised the moral pressure on Disney to hit the bullet, set its family squabbles aside, and do the decent thing.

LA Times

Coffee ends week on firmer note

By Gary Mead

Bargain hunters yesterday helped world coffee prices recover slightly from their "bearish" week with a rally in New York helping to push up prices in London. On the London International Financial Futures Exchange coffee sagged miserably on opening. In the morning session the September contract opened 5¢ lower and weakened to \$1.57 a tonne, down another 20¢. But by the day's close the coffee September contract was 5¢ stronger at \$1.60. Specialists said the bounce-back came after a boost to coffee futures in early trading on the Coffee, Sugar and Cocoa Exchange in New York - ending London dealers to follow in its wake. On the CSCE the September arabica contract rose 4.5¢ cents by midday, to 166 cents a pound, with the interest coming both from speculators and commercial buyers sensing that a price of below 160 cents might prove a bargain. On the London Metal Exchange several base metals enjoyed a busier-than-normal Friday. The price for three-months copper hit and then accelerated through \$2.30 a tonne, closing at \$2.316, up 3¢, in spite of an increase in LME warehouse stocks this week of 42,025 tonnes. Aluminium also performed strongly, up \$28.50 a tonne, to \$1,607.50 a tonne. The market shrugged off news that Mr Paul O'Neill, chief executive of Alcoa, the world's biggest aluminium



Source: Commodity Futures

LME warehouse stocks

Tonnes	Change
Aluminium	854,375 -2,550
Copper	181,150 -7,800
Lead	117,550 -1,100
Nickel	54,018 -1,158
Zinc	415,300 -2,850
Tin	11,875 -45

*Thursday's close

producer, was planning to write to the LME and the International Primary Aluminium Institute, to ask them to look for methods of avoiding manipulation of the aluminium market. LME aluminium stocks have fallen 30 per cent this year, to 654,375 tonnes, and Mr O'Neill said there has been some speculation over why stocks have slumped. Brent crude oil prices slipped back, with the September future on the International Petroleum Exchange quoted at \$18.61 in later trading, 8 cents a barrel lower than the previous close. Overhanging the market was the imminent resumption of Iraqi deliveries in August, though some analysts suggested yesterday that those deliveries might not come onstream as rapidly as once anticipated.

WEEKLY PRICE CHANGES

Commodity	Unit	1997	1996	% Change
Gold per troy oz.	\$	324.35	324.35	0.00
Silver per troy oz.	\$	255.50	255.50	0.00
Aluminium 99.7% (cash)	\$/tonne	1567.5	1567.5	0.00
Copper Grade A (cash)	\$/tonne	2347.5	2347.5	0.00
Lead (cash)	\$/tonne	968.5	968.5	0.00
Nickel (cash)	\$/tonne	1522.5	1522.5	0.00
Zinc 99.99% (cash)	\$/tonne	1522.5	1522.5	0.00
Tin (cash)	\$/tonne	1522.5	1522.5	0.00
Cocoa Futures Jul	\$/tonne	1522.5	1522.5	0.00
Coffee Futures Jul	\$/tonne	1522.5	1522.5	0.00
Sugar (C&F Fov)	\$/tonne	1522.5	1522.5	0.00
Barley Futures Sep	\$/tonne	1522.5	1522.5	0.00
Wheat Futures Sep	\$/tonne	1522.5	1522.5	0.00
Cotton Outlook A Index	\$/tonne	1522.5	1522.5	0.00
Wool (44 Super)	\$/tonne	1522.5	1522.5	0.00
Oil (Brent)	\$/tonne	1522.5	1522.5	0.00

For source and other information, see p. 10.

BASE METALS

LONDON METAL EXCHANGE

(Prices from amalgamated Metal Trading)

ALUMINIUM 99.7% PURITY (\$ per tonne)

Settle	High	Low	Open
1567.5	1567.5	1567.5	1567.5

COPPER 99.99% PURITY (\$ per tonne)

Settle	High	Low	Open
2347.5	2347.5	2347.5	2347.5

LEAD (\$ per tonne)

Settle	High	Low	Open
968.5	968.5	968.5	968.5

NICKEL (\$ per tonne)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

ZINC 99.99% PURITY (\$ per tonne)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

TIN (\$ per tonne)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COCAO LIFFE (10 tonnes, \$/tonne)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COCAO CSCE (10 tonnes, \$/tonne)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COFFEE LIFFE (5 tonnes, \$/tonne)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COFFEE CSCE (5 tonnes, \$/tonne)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COFFEE (C) (US cents/pound)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COFFEE (C) (US cents/pound)

Settle	High	Low	Open
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COFFEE (C) (US cents/pound)

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COFFEE (C) (US cents/pound)

Settle	High	Low	Open
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COFFEE (C) (US cents/pound)

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COFFEE (C) (US cents/pound)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COFFEE (C) (US cents/pound)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

PRECIOUS METALS continued

GOLD COMEX (100 troy oz., \$/troy oz.)

Settle	High	Low	Open
324.35	324.35	324.35	324.35

SILVER COMEX (5000 troy oz., \$/troy oz.)

Settle	High	Low	Open
255.50	255.50	255.50	255.50

PLATINUM NYMEX (50 troy oz., \$/troy oz.)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

PALLADIUM NYMEX (100 troy oz., \$/troy oz.)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

SILVER COMEX (5000 troy oz., \$/troy oz.)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COFFEE LIFFE (5 tonnes, \$/tonne)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COFFEE CSCE (5 tonnes, \$/tonne)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COFFEE (C) (US cents/pound)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COFFEE (C) (US cents/pound)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COFFEE (C) (US cents/pound)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COFFEE (C) (US cents/pound)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COFFEE (C) (US cents/pound)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COFFEE (C) (US cents/pound)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COFFEE (C) (US cents/pound)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COFFEE (C) (US cents/pound)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COFFEE (C) (US cents/pound)

Settle	High	Low	Open
1522.5	1522.5	1522.5	1522.5

COFFEE (C) (US cents/pound)

Dec	171.25	-2.75	173.50	171.00	1,308	10.38
Jan	172.00	-2.75	174.25	172.00	329	6.58
Total					19,777	71.41

UNIT TRUSTS

WINNERS AND LOSERS

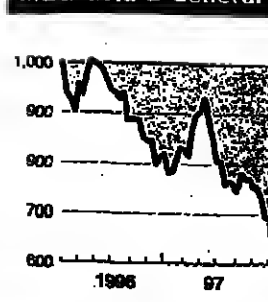
TOP FIVE OVER 1 YEAR

HSBC Hong Kong Growth	1,636
Investment Hong Kong & China	1,579
Old Mutual North American Inc	1,444
Govett Greater China	1,444
Fidelity Moneybuilder Index	1,397

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	452
Save & Prosper Gold & Exp	477
Waverley Australasian Gold	563
Mercury Gold & General	577
M&G Gold & General	620

M&G Gold & General



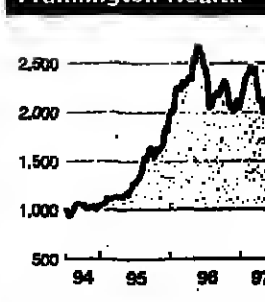
TOP FIVE OVER 3 YEARS

Proffitt Technology	2,508
HSBC American Emer Gth	2,473
HSBC Hong Kong Growth	2,395
Proffitt Technology	2,297
HSBC Hong Kong Growth	2,151

BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	476
Old Mutual Thailand Acc	486
Five Arrows Japan Smaller Cos	491
Fidelity Japan Smaller Cos	499
Friends Prov Japanese Sm Cos	507

Framlington Health



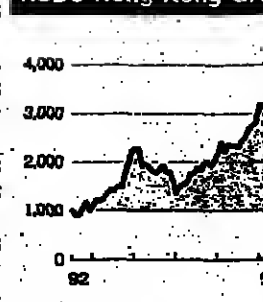
TOP FIVE OVER 5 YEARS

Proffitt Technology	4,296
Gartmore American Emer Gth	4,208
HSBC Hong Kong Growth	4,038
PM North America Growth	4,008
Schroder US Smaller Cos Inc	3,856

BOTTOM FIVE OVER 5 YEARS

Save & Prosper Korea	786
Govett Japan Strategy	1,043
Barclays Uni Japan Inc	1,116
Friends Prov Japanese Sm Cos	1,123
Fidelity Japan Smaller Cos	1,134

HSBC Hong Kong Grth



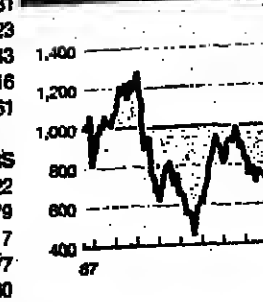
TOP FIVE OVER 10 YEARS

HSBC Hong Kong Growth	6,281
HSBC American Emer Gth	6,123
FSC US Small Companies	5,943
Gartmore Hong Kong	5,816
Gartmore American Emer Gth	4,861

BOTTOM FIVE OVER 10 YEARS

Waverley Australasian Gold	322
Save & Prosper Gold & Exp	579
Barclays Uni Japan Inc	617
Allied Dunbar 2nd Smaller Co	677
Laurence Keen Emer Spec Sfts	680

Barclays Uni Japan



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: Reuters Hindsight (01625 511311)

Indices

Index	1994	1995	1996	1997	Volatility	Yield
Average Unit Trust	1094	1317	2019	2179	3.1	2.5
Average Investment Trust	1164	1390	2231	2450	4.5	5.1
Bank	1033	1112	1205	1831	0.9	4.9
Building Society	1091	1111	1211	1837	0.9	4.7
Stockmarket: FTSE All-Share	1810	1874	2844	2849	2.5	3.4
Inflation	1029	1088	1191	1547	0.4	-

UK Growth

Trust	1994	1995	1996	1997	Volatility	Yield
Johnson Fry Slater Growth	1313	1888	2448	-	3.5	0.9
Jupiter UK Growth	1101	1836	2822	-	2.9	1.8
Perpetual UK Exempt	1263	1809	2976	-	2.5	2.8
Barclays Uni Special Sfts	1231	1702	2812	1806	2.9	2.0
River & Mercantile 1st Growth	1288	1678	-	-	2.6	0.8
SECTOR AVERAGE	1159	1488	2048	1893	2.7	1.8

UK Growth & Income

Trust	1994	1995	1996	1997	Volatility	Yield
Fleming Select UK Income	1348	1752	2355	2239	2.7	3.7
Perpetual Income	1259	1695	2845	2528	2.4	2.8
HSBC Footsie Fund	1387	1657	-	-	2.5	2.6
Lazard UK Income & Growth	1215	1654	2125	2244	2.6	3.3
Lazard & General UK Stockmk Acc	1387	1654	-	-	2.7	1.4
SECTOR AVERAGE	1205	1474	2004	2103	2.6	2.8

UK Smaller Companies

Trust	1994	1995	1996	1997	Volatility	Yield
Laurence Keen Smaller Cos	1123	1831	-	-	2.9	1.2
Gartmore UK Smaller Companies	1123	1820	2832	1828	3.4	0.3
INVESTCO UK Smaller Companies	1120	1726	2838	1544	3.8	1.3
AES Smaller Companies	1008	1702	2169	-	3.0	0.9
Britannia Smaller Co's Acc	1073	1652	2845	1779	3.1	0.4
SECTOR AVERAGE	985	1299	1949	1444	2.9	1.6

UK Equity Income

Trust	1994	1995	1996	1997	Volatility	Yield
Jupiter Income	1181	1659	2348	-	2.6	4.0
Lazard UK Income	1206	1666	2275	2658	2.5	4.2
BWD UK Equity Income	1263	1632	2300	2393	2.7	3.4
Britannia High Yield Inc	1197	1618	2467	2775	2.4	3.9
River & Mercantile 1st Income	1259	1574	2294	-	2.6	4.1
SECTOR AVERAGE	1186	1426	2033	2097	2.5	4.1

UK Equity & Bond Income

Trust	1994	1995	1996	1997	Volatility	Yield
Proffitt Extra Income	1154	1460	2029	1956	2.1	4.4
Abbey National Extra Income	1247	1452	2316	2458	2.2	6.1
Cler Med Retirement Income Inc	1208	1449	2037	-	2.7	5.6
Edinburgh High Distribution	1179	1435	1908	1821	2.6	4.1
Cazenove UK Equity & Bond	1134	1422	-	-	3.0	5.4
SECTOR AVERAGE	1141	1317	1841	1804	2.1	5.4

UK Eq & Bd

Trust	1994	1995	1996	1997	Volatility	Yield
BWD Balanced Portfolio	1258	1686	2468	-	3.0	1.4
Perpetual High Income	1248	1608	2567	-	2.0	3.2
Credit Suisse High Income Port	1152	1536	2266	-	2.4	4.3
Carillon Income Dis	1218	1501	1982	1958	2.0	3.4
Sun Life Managed Inc & Gr Inc	1230	1455	1942	2247	2.6	2.7
SECTOR AVERAGE	1172	1435	2065	2012	2.3	3.0

UK Fixed Interest

Trust	1994	1995	1996	1997	Volatility	Yield
M&G Corporate Bond	1167	1343	-	-	1.8	6.8
Abnvest Fixed Interest	1096	1341	2115	2494	1.5	8.5
Thomson Preference Inc	1090	1335	1648	2250	1.9	8.3
Henderson Preference & Bond	1109	1291	1577	1857	1.4	8.0
Allied Dunbar Conv & Gilt	1128	1287	1689	1589	2.2	3.7
SECTOR AVERAGE	1077	1227	1498	1936	1.7	6.7

UK Gilt

Trust	1994	1995	1996	1997	Volatility	Yield
M&G Gilt & Fixed Interest	1148	1311	1440	1945	1.9	6.2
Gartmore PS Fixed Interest	1124	1257	1447	-	1.7	7.0
Murray Acumen Reserve	1032	1246	1423	-	1.4	8.8
Schroder Gilt & Fixed Int Acc	1073	1222	1397	-	1.9	7.2
Midland Gilt & Fixed Interest	1055	1220	1394	1845	1.2	6.4
SECTOR AVERAGE	1065	1176	1357	1928	1.5	5.9

International Equity Income

Trust	1994	1995	1996	1997	Volatility	Yield
GT International Income Inc	1142	1426	2100	2581	2.3	2.1
Martin Currie Int'l Income	1105	1412	2106	-	2.5	3.3
Dolphin Int'l Gth & Income	1151	1397	2012	1373	2.8	1.3
Mayflower Global Income	1123	1365	2066	2087	2.3	3.4
M&G International Income	1136	1315	2074	2437	2.3	4.1
SECTOR AVERAGE	1142	1329	2013	2039	2.4	2.9

International Fixed Interest

Trust	1994	1995	1996	1997	Volatility	Yield
Baring Global Bond	1020	1235	1621	-	1.5	6.2
Barclays Uni European Bond Inc	1051	1197	-	-	1.0	5.7
Old Mutual Worldwide Bond Inc	986	1193	1455	-	1.7	5.0
Newton International Bond	1018	1169	1515	-	2.1	5.7
AES Int'l Bond & Convertible	1024	1153	1447	-	1.3	8.4
SECTOR AVERAGE	940	1056	1356	1647	1.6	5.2

International Equity & Bond

Trust	1994	1995	1996	1997	Volatility	Yield
Bank of Ireland Ex Mgd Growth	1148	1487	2069	-	2.0	2.4
Fleming General Opportunities	1170	1453	1844	-	2.3	3.2
Baillie Gifford Manager	1186	1423	1948	2428	2.3	2.5
Newton Bridge	1170	1410	-	-	2.2	2.4
Newton Intrepid	1125	1409	-	-	2.9	1.4
SECTOR AVERAGE	1107	1297	1782	2104	2.1	2.4

International

Trust	1994	1995	1996	1997	Volatility	Yield
Proffitt Technology	1131	2508	4286	4712	6.5	-
Franklington Health	1042	2297	2729	4803	6.9	-
Save & Prosper Financial Secs	1389	1975	3223	3048	3.0	1.3
Save & Prosper Growth	1362	1815	3042	2970	2.7	1.8
Scott Equitable Technology	1207	1775	2805	4268	4.7	0.7
SECTOR AVERAGE	1117	1315	2117	2222	3.2	1.0

Nth America

Trust	1994	1995	1996	1997	Volatility	Yield
Hill Samuel US Smaller Co's	1120	2473	3796	6123	5.2	-
PM North America Growth	1311	2385	4008	4591	4.3	0.1
Fidelity American Spec Sfts	1253	2035	3113	3839	4.7	-
Edinburgh North American	1290	2082	3513	3539	3.4	0.8
Gartmore American Emer Gth	1093	2052	4208	4961	6.0	-
SECTOR AVERAGE	1209	1706	2881	3057	3.6	0.5

Europe

Trust	1994	1995	1996	1997	Volatility	Yield
Jupiter European	1146	2031	3258	4955	3.1	0.2
Baring Europe Select	1163	1910	3008	3004	3.5	0.8
Friends Prov European Gth	1295	1897	2782	-	2.8	-
Allied Dunbar European Growth	1249	1895	3043	2970	3.7	0.1
Gartmore European Sel Opps	1240	1842	3089	3277	2.7	-
SECTOR AVERAGE	1185	1517	2324	2786	3.0	0.7

Japan

Trust	1994	1995	1996	1997	Volatility	Yield
Martin Currie Japan	966	945	2169	-	5.4	-
GT Japan Growth	946	941	1785	1569	3.5	-
Newton Japan	1005	910	1858	1379	4.9	-
Murray Japan Growth	993	908	-	-	4.5	-
Hill Samuel Japan Technology	884	890	1967	2037	5.8	-
SECTOR AVERAGE	827	715	1489	1271	5.2	0.2

Far East inc Japan

Trust	1994	1995	1996	1997	Volatility	Yield
Govett Greater China	1444	1461	3072	3507	4.8	-
Abnvest Pacific	941	1092	2239	2954	3.8	0.3
Schroder Far East Growth Inc	954	1047	2478	-	4.3	-
Martin Currie Far East	1044	1047	2079	2280	4.8	0.2
Thomson Oriental Income Inc	1039	1041	1731	1962	3.4	3.5
SECTOR AVERAGE	941	954	1943	2043	4.2	0.8

Far East exc Japan

Trust	1994	1995	1996	1997	Volatility	Yield
HSBC Hong Kong Growth	1636	2151	4038	6281	6.4	0.2
INVESTCO Hong Kong & China	1579	1715	3065	3927	6.3	0.3
Old Mutual Hong Kong	1344	1571	2835	4468	6.5	0.6
GT Orient Acc	1121	1563	3125	-	5.5	0.1
Gartmore Hong Kong	1370	1545	2899	5818	6.1	0.7
SECTOR AVERAGE	978	1085	2218	3130	5.2	0.7

Best Peps

Trust	1994	1995	1996	1997	Volatility	Yield
Jupiter European	1146	2031	3258	-	3.1	0.2
Save & Prosper Financial Secs	1389	1975	3223	-	3.0	1.3
Save & Prosper Growth	1362	1815	3042	-	2.7	1.8
Allied Dunbar European Growth	1249	1895	3043	-	3.7	0.1
Shinichi Ky State Growth	1313	1888	2448	-	3.5	0.9
AVERAGE OF PEP	1140	1417	2057	-	2.8	2.8

Property

Trust	1
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FT MANAGED FUNDS SERVICE[illegible]

Offshore Insurances and Other Funds

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صبيكنا من الراحل

CHEMICALS - Cont.

	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593	592	591	590	589	588	587	586	585	584	583	582	581	580	579	578	577	576	575	574	573	572	571	570	569	568	567	566	565	56
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DISTRIBUTORS

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Mr. Owen _____
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Com	Notes	Price	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983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[illegible]

BUILDING & CONSTRUCTION

	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956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[illegible]

BUILDING MATS. & MERCHANTS

	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
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Rank	Name	Points
1	John (Anderson)	100
2	John (Anderson)	95
3	John (Anderson)	90
4	John (Anderson)	85
5	John (Anderson)	80
6	John (Anderson)	75
7	John (Anderson)	70
8	John (Anderson)	65
9	John (Anderson)	60
10	John (Anderson)	55
11	John (Anderson)	50
12	John (Anderson)	45
13	John (Anderson)	40
14	John (Anderson)	35
15	John (Anderson)	30
16	John (Anderson)	25
17	John (Anderson)	20
18	John (Anderson)	15
19	John (Anderson)	10
20	John (Anderson)	5
21	John (Anderson)	0
22	John (Anderson)	0
23	John (Anderson)	0
24	John (Anderson)	0
25	John (Anderson)	0
26	John (Anderson)	0
27	John (Anderson)	0
28	John (Anderson)	0
29	John (Anderson)	0
30	John (Anderson)	0
31	John (Anderson)	0
32	John (Anderson)	0
33	John (Anderson)	0
34	John (Anderson)	0
35	John (Anderson)	0
36	John (Anderson)	0
37	John (Anderson)	0
38	John (Anderson)	0
39	John (Anderson)	0
40	John (Anderson)	0
41	John (Anderson)	0
42	John (Anderson)	0
43	John (Anderson)	0
44	John (Anderson)	0
45	John (Anderson)	0
46	John (Anderson)	0
47	John (Anderson)	0
48	John (Anderson)	0
49	John (Anderson)	0
50	John (Anderson)	0
51	John (Anderson)	0
52	John (Anderson)	0
53	John (Anderson)	0
54	John (Anderson)	0
55	John (Anderson)	0
56	John (Anderson)	0
57	John (Anderson)	0
58	John (Anderson)	0
59	John (Anderson)	0
60	John (Anderson)	0
61	John (Anderson)	0
62	John (Anderson)	0
63	John (Anderson)	0
64	John (Anderson)	0
65	John (Anderson)	0
66	John (Anderson)	0
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71	John (Anderson)	0
72	John (Anderson)	0
73	John (Anderson)	0
74	John (Anderson)	0
75	John (Anderson)	0
76	John (Anderson)	0
77	John (Anderson)	0
78	John (Anderson)	0
79	John (Anderson)	0
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81	John (Anderson)	0
82	John (Anderson)	0
83	John (Anderson)	0
84	John (Anderson)	0
85	John (Anderson)	0
86	John (Anderson)	0
87	John (Anderson)	0
88	John (Anderson)	0
89	John (Anderson)	0
90	John (Anderson)	0
91	John (Anderson)	0
92	John (Anderson)	0
93	John (Anderson)	0
94	John (Anderson)	0
95	John (Anderson)	0
96	John (Anderson)	0
97	John (Anderson)	0
98	John (Anderson)	0
99	John (Anderson)	0
100	John (Anderson)	0

CHEMICALS

[illegible]

ENGINEERING

PIE	Major	Price	Year	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407
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ENGINEERING - Cont.[illegible]**EXTRACTIVE INDUSTRIES - Cont.**[illegible]**FOOD PRODUCERS**[illegible]

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INVESTMENT TRUSTS

[illegible]**INVESTMENT TRUSTS - Cont.**[illegible]

as a guide only. See guide to London Shore Service

Rank	Company	Assets	Liabilities	Equity	Debt to Equity	Return on Equity	Dividend Yield
1	Apple Inc.	100.0	10.0	90.0	0.11	15.0	2.0
2	Microsoft Corp.	95.0	12.0	83.0	0.13	14.0	1.5
3	Amazon.com Inc.	90.0	15.0	75.0	0.15	13.0	1.0
4	Google Inc.	85.0	18.0	67.0	0.18	12.0	0.8
5	Facebook Inc.	80.0	20.0	60.0	0.20	11.0	0.5
6	Twitter Inc.	75.0	22.0	53.0	0.22	10.0	0.3
7	LinkedIn Corp.	70.0	25.0	45.0	0.25	9.0	0.2
8	Slack Technologies Inc.	65.0	28.0	37.0	0.28	8.0	0.1
9	Zoom Video Communications Inc.	60.0	30.0	30.0	0.30	7.0	0.1
10	Dropbox Inc.	55.0	32.0	23.0	0.32	6.0	0.1
11	Box Inc.	50.0	35.0	15.0	0.35	5.0	0.1
12	OneDrive Inc.	45.0	38.0	7.0	0.38	4.0	0.1
13	Google Cloud Platform	40.0	40.0	0.0	0.40	3.0	0.1
14	Amazon Web Services	35.0	42.0	-7.0	0.42	2.0	0.1
15	Microsoft Azure	30.0	45.0	-15.0	0.45	1.0	0.1
16	IBM Watson	25.0	48.0	-23.0	0.48	0.5	0.1
17	Oracle Cloud	20.0	50.0	-30.0	0.50	0.2	0.1
18	SAP SE	15.0	52.0	-37.0	0.52	0.1	0.1
19	Salesforce.com Inc.	10.0	55.0	-45.0	0.55	0.0	0.1
20	Workday Inc.	5.0	58.0	-53.0	0.58	0.0	0.1

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MANAGING DIRECTOR,
TELECOMUNICATIONS, BICC CABLES LTD

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Emilio.mersey@bt.eimail.cvbase.co.uk

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ENGINEERING VEHICLES

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HEALTH CARE - Cont.

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INSURANCE

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صلى الله عليه وسلم

COMPANIES AND FINANCE

NatWest and Prudential talks collapse

By Christopher Brown-Humes, John Gapper and George Graham

National Westminster Bank, the UK's largest retail bank, faces further uncertainty over its future following the collapse of private merger talks with Prudential Corporation, the UK's biggest publicly owned life insurer.

Talks on a merger to create a £27bn (\$45.05bn) company that could have

rivalled Lloyds TSB for dominance of retail financial services in the UK, ended on Wednesday after the companies were unable to agree terms.

The collapse of the talks, initiated by Prudential, follows a failed effort by NatWest to merge with Abbey National, the retail bank, and the resignation of Mr Martin Owen, head of its investment banking arm, NatWest Markets.

NatWest, which has been

criticised by shareholders over its expansion into investment banking, and the way it has managed its 1,920-branch retail bank, is to announce details of its strategic review of NatWest Markets next month.

The bank, which has been the object of takeover speculation since it lost £77m from the mispricing of derivatives in its investment bank, could now face controversy over the failure of successive merger efforts.

There has been speculation that Barclays, its highest rival in high-street banking, could launch a takeover bid.

These moves come in a week in which bank shares have risen sharply because of takeover speculation, combined with a rush by investors and investment banks to buy shares following the flotation of four leading building societies.

The talks are not thought to have reached the details

of price or senior management. The two sides instead discussed how to combine Prudential's strength in financial products with NatWest's distribution.

If the talks had gone further, however, Prudential is thought likely to have insisted on its chief executive, Sir Peter Davis, being chief executive of the combined company, with Lord Alexander, chairman of NatWest, possibly becoming chairman.

Some NatWest directors are believed to have seen Prudential's mix of operations as difficult to combine with the bank's.

NatWest shares fell 27p to 888.5p and Prudential shares 28p to 688p yesterday, after market rumours of a link-up receded. Prudential has been advised during the talks by SEC Warburg, while NatWest has been advised by NatWest Markets.

See Page 24

BT criticised for handling of MCI warning

By Alan Cane and Jane Martinson

British Telecommunications yesterday came under fire from competitors and institutional shareholders over its handling of the shock profits warning last week from its takeover partner MCI.

BT had said it was surprised and disappointed that the US company planned to spend an extra \$800m (\$479m) to break into the local US telephone market, clearly blaming MCI for the debacle and setting the scene for a deterioration in relations.

Senior executives from BT's competitors said yesterday that they believed the deal would still be concluded, probably on the original terms, but it could prove difficult to restore trust and respect between the individuals involved.

In particular, BT was less likely to give control over large parts of its business to MCI managers.

One competitor said he believed that after the deal had gone through, MCI's senior executives, all on lucrative bonus and option schemes, would quit the merged company, leaving the running of the US operations to BT. "This would leave BT in a hall of a mess," he said.

Another said the industry still expected the deal to go through. "Sir Iain Vallance (BT chairman) has wanted to do this deal for the past

seven or eight years."

Institutional shareholders, however, are beginning to set a time limit on their patience with BT's management.

While backing BT's decision to launch a review, Mr Graham Wood, head of UK equities at Standard Life, said BT needed "to sort it out within a month".

Standard Life, which is BT's second biggest investor with a 2 per cent holding, joined several shareholders in expressing concern about the future of the merged company after such obvious differences had come to light.

"The merger of two cultures was an issue when this was proposed," said Mr Wood. "But if they cannot get together on this, how on earth are they going to bring the whole thing together?"

He said that BT had to have time to review all three of its options: pulling out of the deal, renegotiating it or leaving it to proceed on the original terms.

Like other institutional investors, Standard Life's preferred option would be for BT to go ahead with the deal after having renegotiated the price.

Several investors feel that the cost of withdrawing from the deal, and the impact that would have on BT's international strategy, could be greater than the possible dilution of the acquisition. Mr Wood said: "I suspect that pulling out is not an option."

LVMH may disclose more demerger details

By Ross Tieman

Mr Bernard Arnault, chairman of French luxury goods group LVMH, may publish next week more details of his plan to combine his group's Moët Hennessy drinks subsidiary with the wines and spirits businesses of Guinness and Grand Metropolitan.

He hopes to win over shareholders in the two UK drinks groups, and analysts, who are sceptical about the terms he is seeking.

LVMH, which owns 14.2 per cent of Guinness and 6.4 per cent of GrandMet, is opposing their agreed £24bn merger to form GMG Brands. But alternative proposals by Mr Arnault for a four-way demerger of GMG assets and a combination of the three groups' wines and spirits operations into an £18.8bn group quoted in London and Paris have been rejected by GMG directors.

That rejection is backed by leading institutional investors in Guinness and GrandMet. They believe the 35 per cent interest in the combined drinks group sought by Mr Arnault would give him all the benefits of the drinks merger, leaving GMG investors no better off. But most appear to believe a deal will eventually be done.

"I suspect Arnault wants

more than fair value for his position," said one senior fund manager. "That is the problem." Another said: "We certainly will be making a noise if we feel our interests are not looked after."

Under existing plans to create GMG, savings of £175m a year are expected from the merger of Guinness subsidiary, United Distillers, with GrandMet's International Distillers and Vintners to create United Distillers, the world's biggest wines and spirits group.

In talks with directors of Guinness and GrandMet, Mr Arnault is understood to have indicated the scale of immediate cost savings arising from his proposed merger of LVMH's champagne and brandy subsidiary, Moët Hennessy, with United Distillers.

He also quantified longer-term benefits and suggested further gains in the share prices of the GMG partners from the release of a "con-

glomerate discount". Details may be published in an effort to increase investor enthusiasm for a deal.

Guinness already has joint ventures in drinks distribution with Moët Hennessy, underpinned by a 34 per cent stake in that business.

Analysts at Goldman Sachs have estimated the value of LVMH's remaining 66 per cent at £2bn. United Distillers could be worth £16m, they say. They estimate efficiency savings from merging it with Moët Hennessy could add \$800m of value. But under Mr Arnault's existing proposals, they say, all the benefits would go to LVMH.

Mr Arnault is understood to have rejected approaches from US break-up funds. They are keen to support his plan to damage the food and fast-food businesses of GrandMet and Guinness's breweries.

See Page 20



Dolly, the cloned sheep, caught the world's imagination when she appeared in February

Dolly scientist to join PPL

By Clive Cookson, Science Editor

One of the scientists who pioneered the cloning technique that produced Dolly the Sheep is to join PPL Therapeutics, the Edinburgh-based animal biotechnology company.

Dr Keith Campbell will move to PPL from the nearby Roslin Institute, a government-funded animal research centre. He worked there with Dr Ian Wilmut to develop the "nuclear trans-

fer" technology that led to Dolly, the first clone of an adult mammal. Dolly was one year old this month.

At PPL Dr Campbell will oversee the integration of nuclear transfer into the company's programme to produce transgenic cattle and sheep. These animals have added genes to make human useful human proteins in their milk.

Nuclear transfer involves taking the genetic material from one cell and putting it into an egg from which the

nucleus has been removed. This can then be grown into an embryo and implanted into the womb of another animal.

Dr Campbell already knows PPL well because the company has had a research agreement for several years with the Roslin Institute. He will continue to work with his former colleagues on several projects.

PPL's lead product, alpha-1-antitrypsin to treat cystic fibrosis, recently started a clinical trial on patients.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends corresponding dividend	Total for year	Total last year
Coltana	Yr to Mar 31	2.22 (2.87)	4.94 (4.88)	0.41 (0.11)	-	-	-	-
Coltana and Fowler	Yr to Apr 30	41.6 (38.5)	2.63 (1.84)	7.7 (5.7)	1.4	Oct 7	1.15	2.3
Hannover	Yr to Mar 31	9.65 (10.9)	1.06 (0.39)	-	-	-	-	-
ITS Q&P	Yr to Apr 30	5.53 (6.25)	0.3 (0.07)	10.3	-	-	-	-
WMS	6 mths to Jun 30	117 (147)	40.5 (39.4)	48.94 (37.02)	18	-	-	1.2

	NAV (p)	Attributable earnings (p)	EPS (p)	Current dividend (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Brunner	6 mths to May 31	375.9 (324.4)	1.86 (2.72)	2.9 (4.28)	2.6	11	2.9	8.1

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. In increased capital. Q&P stock. * Comparatives restated. ** Already paid. Includes 1.8p special payment. £4ish currency.

EMI warns over strong pound

By Alice Rawsthorn

Sir Colin Southgate, chairman of EMI, one of the world's largest music groups, yesterday warned that the strong pound would cost the company up to £50m this year, rather than £30m as initially anticipated.

He also told shareholders at EMI's annual meeting in London that growth in the global music market had been unexpectedly slow so far in the current financial year, particularly in the UK.

Despite Sir Colin's caution, EMI's shares rose by 2½p to £10.86 yesterday. The company had previously been among the worst FTSE 100 performers last week, following Monday's news that Alliance Entertainment, a large US record retailer, had filed for Chapter 11 bankruptcy protection.

EMI's shares have fallen sharply in the two months since it unveiled plans for rationalisation and restructuring at its underperforming North American record labels.

On the day that announcement, EMI's shares were worth £12.20, but the restructuring was interrupted by investors as a sign that the board had

abandoned hope of a long-rumoured takeover bid.

At the same time as announcing the restructuring, EMI disclosed proposals to return 10 per cent of its market capitalisation (worth roughly £499m) to investors. This scheme failed to support the share price, but was approved by shareholders at an extraordinary meeting yesterday.

On a positive note, Sir Colin announced that EMI should be able to save up to £22.6m a year from the changes in advance corporation tax introduced in the recent Budget.

Sir Colin also underlined

strong sales of recent albums by Radiohead, Chemical Brothers, Megadeth, Meredith Brooks, and Paul McCartney. The Spice Girls' debut album is still selling well, with a follow-up due before Christmas.

However, he noted that the "short-term economic climate" for EMI was "challenging". Conditions in France and Japan were "far from favourable", while the UK was "unlikely to show an improvement on last year". The US music market has rallied, after two sluggish years, with retail sales rising by 7.9 per cent by volume during the first half of 1997.

ISSUE OF £2,000,000,000

8% TREASURY STOCK 2021

INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER
FOR AUCTION ON A BID PRICE BASIS ON 23 JULY 1997

PAYABLE IN FULL WITH APPLICATION

With a competitive bid

With a non-competitive bid

Price bid plus accrued interest

£117 per £100 nominal of Stock

Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List on 24 July 1997.

Auction of Stock

1. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite bids for the above Stock.

General

2. This prospectus is issued under the arrangements described in the Information Memorandum for Issues of British Government Stock published by the Bank of England on 27 March 1997 (the "Information Memorandum"). The terms of the Information Memorandum apply to the above Stock and to the auction described in this prospectus except where expressly varied.

Maturity

3. The Stock will be repaid at par on 7 June 2021.

Interest

4. Interest is payable half-yearly on 7 June and 7 December. The price payable for this further issue of the Stock will include an amount equal to accrued interest from 7 June 1997 (the last interest payment date of the Stock) to 24 July 1997 (the settlement date of this further issue) at the rate of £1.00014 per £100 nominal of Stock. This further issue of the Stock will rank for the full six months' interest due on 7 December 1997.

National Savings Stock Register

5. The Stock may be held on the National Savings Stock Register.

FOTRA exemptions

6. The Stock and the interest payable on it will benefit from the exemptions in favour of non-resident holders described in paragraph 20 of the Information Memorandum (FOTRA stocks first issued prior to 29 April 1996).

Gross payment of interest

7. Interest will be paid without deduction of income tax pursuant to a direction under section 50 of the Income and Corporation Taxes Act 1988. However, stockholders may elect to have UK income tax deducted from interest payments on application to the Bank of England.

Stripping

8. The Stock is potentially stripable: paragraphs 6 and 7 of the Information Memorandum therefore apply.

Methods of application

9. Bids may be made on either a competitive or non-competitive basis in accordance with paragraphs 8 to 16 of the Information Memorandum.

Non-competitive bids: amount payable on application

10. The amount payable on application in the case of a non-competitive bid (except in the case of a non-competitive bid made by a gilt-edged market maker) is £117 per £100 nominal of Stock.

Latest times for receipt of applications

11. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP to arrive not later than 10.30 AM ON WEDNESDAY, 23 JULY 1997; or lodged by hand at the Central Gilt & Money Markets Office, Bank of England, Threadneedle Street, London not later than 10.30 AM ON WEDNESDAY, 23 JULY 1997. Gilt-edged market makers may bid by telephone to the Bank of England not later than 10.30 AM ON WEDNESDAY, 23 JULY 1997.

Bids irrevocable

12. Bids will not be revocable between 10.30 am on Wednesday, 23 July 1997 and 10.00 am on Monday, 26 July 1997.

BANK OF ENGLAND
LONDON

15 July 1997

APPLICATION FORM FOR 8% TREASURY STOCK 2021

Complete Section 1 or 2, plus Sections 6 and 8. Sections 3, 4, 5 and 7 should also be completed where appropriate. TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND. I/We apply in accordance with the terms of the prospectus for competitive and non-competitive bids dated 13 July 1997 and the Information Memorandum for Issues of British Government Stock dated 27 March 1997 as follows:-

FOR COMPETITIVE BIDS ONLY

(i.e. for Stock to be purchased at the price bid plus accrued interest) See notes (a) and (b) below.

Nominal amount of 8% Treasury Stock 2021 applied for: £

Amount of Stock applied for: Multiple £200,000-£1,000,000 £100,000 £1,000,000

Price bid per £100 nominal of Stock, being a multiple of 1/32nd of £1: £ 32nds

PLUS accrued interest at the rate of £1.63614 per £100 nominal of Stock: £ 1 03.014

Total amount payable per £100 nominal of Stock (excluding accrued interest): £

Amount required for payment IN FULL AT THE PRICE BID PLUS ACCRUED INTEREST: £

FOR NON-COMPETITIVE BIDS ONLY

(i.e. for Stock to be purchased at the non-competitive sale price, plus accrued interest, as defined in the Information Memorandum) See notes (c) and (d) below.

Nominal amount of 8% Treasury Stock 2021 applied for, being a multiple of £1,000, with a minimum of £1,000 and a maximum of £200,000 nominal of Stock: £

Sum enclosed, being £117 for every £100 NOMINAL of Stock applied for: £

FOR CGO MEMBERS ONLY

CGO Participant Number: _____

Name of Contact: _____ Telephone Number: _____

REGULATED FINANCIAL INSTITUTIONS ONLY

(unless Section 3 applies)

Name of Regulator: _____

Membership/Reference Number: _____

Country/Territory of Regulator: _____

THIS SECTION TO BE COMPLETED BY APPLICANTS ACTING AS AGENT FOR ANY THIRD PARTY

(unless the applicant is a CGO member or is a UK or EEA regulated financial institution, and Section 3 or 4 has been completed)

Full name and permanent address of each third party: FORENAME(S) AND SURNAME(S) ADDRESS (including postcode)

If additional space is required, please continue on separate sheet.

THIS SECTION TO BE COMPLETED BY ALL APPLICANTS

I/We request that Stock sold to me/us be registered in the undermentioned name(s) and that any certificate be sent by post at my/our risk to the first named holder at the address shown below.

IN THE CASE OF A NON-COMPETITIVE APPLICATION, I/We warrant that to my/our knowledge this is the only non-competitive application made for my/our benefit, or for the benefit of the person(s) on whose behalf I am/we are applying.

IN THE CASE OF AN APPLICATION BY A MEMBER OF THE CGO SERVICE WHO HAS COMPLETED SECTION 3, I warrant that my Stock should be sent to be credited direct to our account at the CGO. We hereby irrevocably undertake to accept such Stock by member-to-member delivery through the CGO Service from the Governor and Company of the Bank of England, Number 2 Account (Participant number 5183) by the deadline for such deliveries on 24 July 1997, and we agree that the consideration to be input in respect of such delivery shall be the amount payable by us on the sale of such Stock in accordance with the terms of the prospectus.

IN THE CASE OF AN APPLICATION MADE ON BEHALF OF A THIRD PARTY, I/We have obtained and received written consent of the holder(s) of such person on whose behalf I am/we are applying, and I/We will on demand make such evidence available to the Bank of England or the relevant authority.

SIGNATURE(S) of, or on behalf of, applicant

Date: _____

DETAILS OF APPLICANT(S)

(If not the person(s) in section 8)

FORENAME(S) AND SURNAME(S) ADDRESS (including postcode)

REGISTRATION DETAILS

Stock may be registered in the names of individuals or a corporate body.

CAPITAL LETTERS PLEASE

Title Forename(s) in full Surname

Address _____

Postcode _____

Title Forename(s) in full Surname

Address _____

Postcode _____

Daytime Telephone Number (in case there is a query) _____

FOR BANK OF ENGLAND USE

Box No. 712 Bld. Transaction Number 167

New Account No. _____

Cart. Posted Date _____

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New blow for MCI on telecoms court ruling

By Richard Waters
in New York

A US court yesterday dealt a further blow to efforts to open the \$100bn local telecommunications market in the US to competition.

The court ruled that federal regulators had exceeded their powers in trying to stimulate competition in the sector.

The decision is another blow to long-distance carriers such as AT&T and MCI Communications, which have been trying to break into an industry dominated by regional monopolies. Their own long-distance market is already fiercely competitive, denting the finances of both companies in recent months.

Yesterday's ruling concludes a turbulent week for AT&T and MCI. Relations between MCI and British Telecommunications, which are planning a \$29bn merger, have soured over the US company's revela-

tion that the slow pace of deregulation will leave it with losses of \$300m from local calling this year, twice what had been expected.

AT&T, meanwhile, has begun a search for a new chief executive following the surprise departure of Mr John Walker, the man who had been in line for the job.

The deregulation of local calling - provided for in legislation adopted 18 months ago - left it up to the Federal Communications Commission to rule on the arrangements under which local carriers should lease out the use of their networks to rivals to allow competition to develop.

Yesterday, however, the Appeals Court for the 8th Circuit, based in St Louis, ruled that the FCC had overstepped its powers in trying to influence the pricing of these arrangements. Instead, individual state regulators should decide the issue, it said.

This upheld last October's lower court decision, and further upset the hopes of long-distance carriers that they would be able to break into local calling under a single, national set of pricing rules. Such rules were widely seen as being in their favour.

"This is a huge setback for competition [and] a tremendous shot in the arm for the forces of incumbency and the status quo," Mr Reed Hundt, chairman of the FCC, told the Financial Post, a Canadian newspaper. "But there's an antidote for monopolies: the supreme court."

Earlier this week, the FCC set up a task force to investigate whether the "Baby Bell" companies, which along with GTE, control the local markets, were putting unfair obstacles in the path of would-be competitors.

White House wars, Page 3
BT criticised, Page 22

Club Med chairman attacks ex-bosses

By Samer Iskandar in Paris

A row between the old and new managers of Club Méditerranée, the holiday resort operator, intensified yesterday after Mr Philippe Bourguignon, the recently-appointed chairman, described his predecessors' management as "amateurism".

The row started on Thursday during a board meeting which saw the resignation of Mr Gilbert Trigano, who founded Club Med in the 1950s, and his son Serge, who ran the company until recently.

"There is no room left for a Trigano in this house," Mr Serge Trigano said. "I do not know if it will become a Mickey Mouse Club... but this is not my club any more. There is a new management team, with its own methods, which are not the same as mine."

Club Med shares rose 5.9 per cent to FF445, one of yesterday's strongest performances on the Paris Bourse.

Mr Bourguignon was appointed chairman in February under pressure from shareholders after the company reported a loss of FF743m (\$122.6m) - its largest ever - for the financial year 1995-96.

Mr Bourguignon, previously chairman of Euro Disney, was credited with returning the Paris theme park to profitability. Yesterday he replied to Mr Trigano by saying that Club Med had been suffering from "amateurism... and a lack of technical competence".

Thursday's board meeting ratified the half-year results for the period ended on April 30. These showed a net loss of FF413m, against a profit of FF88m in the same period a year earlier.

France's Socialist-led government plans to privatise insurer GAN and its banking arm CIC, but will maintain Thomson Multimedia as a state-owned company, a finance ministry spokeswoman said yesterday.

See Lex

THE LEX COLUMN

Bout of nerves

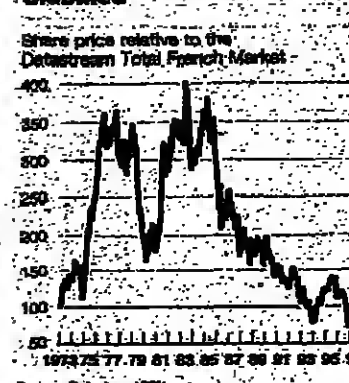
Equity markets had a groggy look about them yesterday. After the heady midweek flavour which saw the Dow Jones Industrial Average charge through 8,000 and the FTSE 100 index race to the brink of 5,000, both were yesterday in headlong retreat. Perhaps it really was nothing more than the combination of Friday trading, profit-taking after recent sharp rallies and the "disappointment" of Microsoft's earnings advancing by only 88 per cent.

But that was not the way it looked. There was a nervous edge to events - not surprisingly either. It is not only equity markets that have reached historically stretched valuations. Debt markets are similarly exuberant; spreads have shrunk dramatically, to the point where even the spivier hedge funds expect to be treated like top-grade credits. But these are not new developments, so why the nervousness? One hint may be the 15 per cent fall in Brazilian shares over the past week, the first sign of contagion from ructions in Asian markets, and possible harbinger of a change in investors' risk appetite.

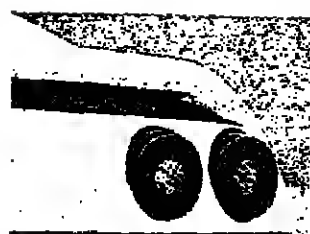
Certainly nerves will be tested next week. The audit of French finances on Monday has the potential to deal a hammer-blow to the Euro process. Later in the week, Mr Alan Greenspan testifies before the US Congress. The merest hint that he is not the great inflation dove that some now suppose will send markets scurrying for cover. At current valuation levels, markets have little scope to absorb bad news.

FTSE Eurotrack 200:
2702.7 (-5.6)

Club Med

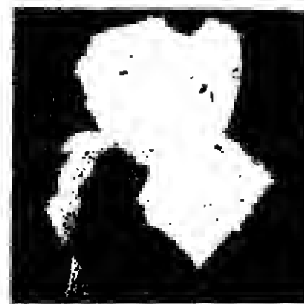


KETS L
HELEX COLLEGE
it of nerves



Object of desire

'Ferrari spends nothing on advertising - the money goes into racing, with the torrents of airtime coming for free.'



Show stoppers

'Glorious pictures are only part of the story - after flowering, irises contribute nothing, except a haven for weeds.'



Hard man, soft drinks

'Martin McGinniss, teetotaler, orders apple juice; Dominic a lemonade. I join the party and order mineral water.'

Winging out of welfare

Christian Tyler looks at ideas to deal with the west's most intractable problem, the chronically unemployed

A group of ambitious Leeds apprentices hired a room which had been used as a cholera ward, and began teaching each other subjects they had missed at school. They invited Samuel Smiles, a former editor of the radical Leeds Times, and then a railway manager, to talk to them.

Out of those lectures came the book *Self-help*. Published in 1859, the same year as Darwin's *Origin of Species*, it was the best-seller of the age, numbering among its quarter of a million readers the reformist Emperor Meiji of Japan and the Khedive of Egypt.

Smiles later regretted the title of his book, a collection of stories about men who had made it to the top by their own efforts. "It has led some to suppose that it consists of a eulogy of selfishness: the very opposite of what it is," he lamented.

And indeed, "self-help" has been the mantra of free-market finger-waggers ever since. On both sides of the Atlantic, they have waxed choleric about the fibre-snapping effects of the welfare state and accused Big Government of eroding personal responsibility and creating an army of work-shy no-hopers and criminal scroungers, these days known as "the underclass".

But Smiles had something else to say, most relevant to today's debate about the proper balance between public and private support: "Help from without is often enfeebling in its effects, but help from within invariably invigorates."

With that observation he raised an important question which Britain's new Labour government will have to answer if its £3bn "welfare-to-work" programme announced in the Budget on July 2 - and possibly the most far-reaching such scheme in the country's history - is to have any chance of meeting its ambitious target.

The question is: how will disaffected people be persuaded to swap the security of life on the dole for the insecurity of the modern labour market? To put it another way, how many of the serially or chronically unemployed can be lured back into the official economy by financial incentives or jolted back by financial penalties?

It is a question that the authors of previous - often ineffectual - government schemes did not really bother to ask, concerned as some were mainly to put blame on the official jobless figures. "It is a question people have tended to duck for a long time," said the head of one successful inner-city scheme, Talk of welfare, scroungers, inadequate, which have been largely polemical up to now, will have to be taken seriously. What does "welfare dependency" really mean?

□ □ □

Walker is an eastern suburb of Newcastle-upon-Tyne which died with the closure of the shipyards. Poor even at the best of times, it is a place of shuttered shops, vandalised property and a unemployment rate which at times has been more than half the men of the neighbourhood out of work.



But there is a beacon of light in the surrounding gloom, and its name is Fr Michael Conaty, parish priest of St Anthony of Padua. A tough and modest golf-playing Irishman, Fr Michael has created round his church a small network of agencies - a miniature welfare state - which is attracting attention from other parts of Britain and abroad.

In this part of Newcastle, it is routine for girls to have babies in their teens. "They need someone to love, and someone to love them," Fr Michael explained. Parents are afraid to let their children out of their sight. Many children leave school virtually illiterate. Families have been unemployed for two generations. It is no longer normal to work - indeed, it is not even normal to admit you might want a job.

Here, said Fr Michael, people lack confidence in the system, but above all they lack confidence in themselves. And this is the first hurdle to be crossed. "The men often fare worse than the women, according to Ann Maughan, who works at the nearby training centre. Men who remember Tyne's industrial heyday - and their sons who don't - have strong ideas about what constitutes 'men's work'."

Women, used to managing homes and children, are more flexible and more sociable. "They have skills men don't have: they can chat, participate and deal with authority. People have got to offer what is wanted," she added. "These days that's not being able to hammer a nail in, but being able to talk to people."

Fr Michael is doing what

he sees as God's work - a controversial view within the Catholic church. "Unemployment is a collective sin which governments pin on the unemployed," he declared. He is an optimist with an unshakable confidence in people's ability to shake off the culture of welfare dependency which has become endemic in this part of Tyneside. "What I am doing is driven by the needs of the person, not the needs of big industry and commerce," he said.

This priest is no right-winger, yet he, too, talks about self-help. By self-help he means that the poor

'Help from without is enfeebling in its effects, but help from within invariably invigorates'

should be allowed to take charge of their own problems and to control the public money allotted to them. Like Samuel Smiles' apprentices, they are best qualified to help and guide one another.

This little welfare state relies on funds from Brussels, national agencies and the local authority. Fr Michael complains, however, that his staff are distracted, even tormented, by the official bureaucracy, while his clients feel harassed by the state system that is supposed to be helping them.

Fr Michael's social service

started with a day centre beside the parish church, where the old, the lonely and the mentally ill find refuge. On a regular is an antistatic orphan who calls the hingo numbers, another a lonely alcoholic who comes in to help keep off the drink. Jan Brunwell, the centre's manager, claims that because it is run and "owned" by people from the community it does a better job and can pay its staff higher wages than the local authority could do.

Next door is a youth club and sports hall, which is applying for money from the National Lottery to train children who are failing at school or have been thrown out as uneducable. Some years ago a fight broke out and the club was wrecked. When the police came to take names and addresses, they discovered that 23 of the 65 rioters had not been home for up to six months.

An "open learning and fitness centre" lets adults teach themselves to read, write and operate a desktop computer in preparation for job training. A few miles away at St Joseph's training centre the unemployed - and those who have never been employed - can learn catering, gardening, lift-truck driving, retailing, security guarding and clerical and business administration. Both places claim a success rate far above average.

□ □ □

Others in the same line of business confirm Michael Conaty's optimism. He has a counterpart in Boston, on the US east coast, who has been attracting attention. The Rev Eugene F. Rivers

III is head of the Azusa Christian Community in a poor area of the city who specialises in direct action on the streets. Like Fr Michael, he is filling the gap left by an increasingly remote and reluctant state apparatus.

Rivers and his friends are revivalists, proto-Christians who work among the nomads of the city - drug dealers, gangsters and truants - whom the forces of law and order and welfare cannot reach. What he and other missionaries do is called "mentoring" (which, translated, means showing affection) and it is credited with a big reduction in Boston's juvenile crime rate.

In Britain, too, there is a support. "There is no evidence that people don't want to work if they get a proper opportunity," said Bob Marshall, manager of the local authority scheme called Glasgow Works. "My experience is that the vast majority do want a job." He said that even the so-called "unemployables" - the small minority with serious drug and drug problems - could be won round.

But who will do the winning? Alan Sinclair, chief executive of the independent Wine Group, which runs successful return-to-work schemes in Glasgow and elsewhere, said officials of the state employment service (who will interview over 500,000 people eligible for Welfare to Work) were not the right people.

"They are seen as the policemen of the benefit system. Are vegetarians going to start buying pies from the butchers?" He added: "Some are so disillusioned that they are too clammed-up to talk. They should be given work

first, and they will talk later."

The state bureaucracy was too prone to lose sight of the problem. "Bureaucrats go on about unit costs and standardising the programme: that becomes for them more important than the reason for the programme."

Sinclair is worried by the government's plan to reduce the unemployment benefit of persistent refusniks. "They are people who feel they have been punished enough already by unemployment. The vast majority I have dealt with are desperate for work."

The government has given itself the rest of the summer to work out the details of "welfare to work". Pilot programmes will begin in January and the full scheme from next April. Ministers have promised that they will tailor the opportunity to the individual, not the other way round. "It's about looking at individuals and what will suit their needs," said a spokesman for the Department of Education and Employment.

They will have to take into account the failures as well as the successes. For instance, a well-funded and intensive US government programme called New Chance, aimed at getting teenage mothers into jobs (one of the aims, too, of Welfare to Work), seems to have flopped.

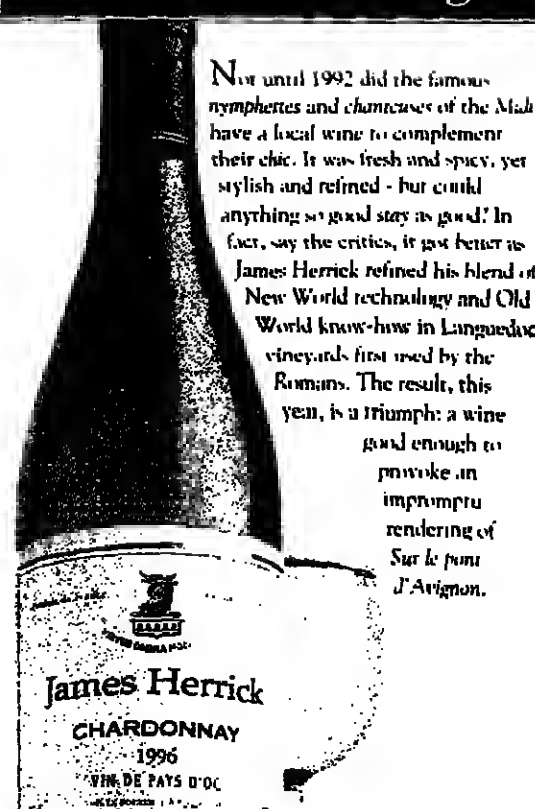
According to a study by the consultancy behind the scheme, the teenagers who signed up have proved no more likely to get a job or avoid a further pregnancy despite the \$9,000 a head that was spent on training and counselling them.

The radical right dared to question the effectiveness -

the morality, even - of state welfare. Now it will be for the pragmatic left, epitomised by Britain's Labour government, to make sense of it. It will have to recognise the difference between dealing with numbers and dealing with natures, between financial factors and psychological ones.

Father Michael Conaty's one-man welfare state could help redefine the point at which public provision is most efficiently converted into private and local effort. There are some things that only governments can afford to pay for. But there are some things that people can do only for themselves.

At last the South of France has the wine to match its women and song.



Not until 1992 did the famous nymphs and charmers of the Mâle have a local wine to complement their chic. It was fresh and spicy, yet stylish and refined - but could anything so good stay so good? In fact, say the critics, it got better as James Herrick refined his blend of New World technology and Old World know-how in Languedoc vineyards first used by the Romans. The result, this year, is a triumph: a wine good enough to provoke an impromptu rendering of *Sur le pont d'Avignon*.

James Herrick CHARDONNAY

This week's contents and columnists

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Hugh Dickinson
The valley of addiction

'Like doctors working in the accident units at the foot of ski-slopes, those who work in drug centres and surgeries see the tragedies.'

Truth of the Matter
Molecular poetry

'Shakespeare used science as a metaphor machine, taking bits of lore and linking them to emotions and situations.'

PERSPECTIVES

Minding Your Own Business

A day in the office in a silver suit

Arnie Wilson meets Arly Gardner, a human robot who beguiles and sometimes scares the tourists

One day last week Arly Gardner felt his customers were ripping him off. He tore off his work clothes and went home in disgust. "For seven hours I was entertaining parties of Japanese and German tourists, and posing for photographs, and they just weren't being fair with me," he said. "They'd put a few yen or 10 pence into my hat. I was fuming. Even on a had day I expect to pick up £35 for eight-hour shifts as a mime artist. This was a total slap in the face."

Gardner, 34, is Robotron, a human robot. He learned how to mime the jerky actions by studying machines which made fluorescent strip-lighting at an EMI factory in Enfield, where he worked for 18 months before launching himself as one of London's first latter-day street artists.

He wears a silver Robocop-style suit of body-armor, complete with alien space-man accessories - a voice simulator with eight different voices, flashing light-emitting diodes, silver face mask, space helmet and Oakley shades. From his home in Clapham, south London, he travels "to work" on a 150 bus, and changes into his outfit where he is to perform, usually in Piccadilly Circus. He leaves the mask until last so that people are aware of the complete metamorphosis. "I used to change in the loo downstairs at the underground station, but I don't bother now," he says. It was the recession which finally drove Gardner on to the streets. "It kicked me out of my new career around 1990," he says. "I was working on building sites but the work started drying up. He had been earning pocket money body-popping at raves and gigs in an earlier version of his Robotron suit, and decided to do it full time."

During his career as a dancer and street artist, Gardner has taken his act around Germany, Sweden, the Netherlands and Wales, as well as to British towns such as Leicester, Nottingham and Northampton. His act used to rely heavily on music, but it was this element he had to drop after clashes with the police. The music used to annoy nearby shopkeepers (in Covent Garden, for example). "Huge crowds used to build up before my act and the police said I was causing an obstruction." He now sticks to the Piccadilly Circus patch and has worked there for the past six months. "I usually work weekends, but I might steal a day in midweek if I'm strapped for cash."

After beguiling, enchanting and sometimes scaring

tourists, he can expect to make anything from £30 to around £80-£90 a day. He is also available for hire for parties, fetes and other functions. Depending on what is expected of him - "and how well-off my clients are" - he will charge between £40 and £80 for a children's party.

Gardner, almost 6ft tall, is black. "I was born in Paddington, but I look a bit like a north American Indian," he says. "The strange thing is that some people recognise me without my Robocop body armour and mask. It gets baking hot inside my suit, especially on a hot summer's day. I can't hear very well under the balaclava mask, and I can't see too well, either. I have to go by shadows. This can help with the robot effect, because it helps give the impression of not being controlled by oneself."

His line of work is not illegal. Both the Metropolitan Police and Westminster City Council agree that he is not breaking any laws or bylaws. "But I often have to put up with all kinds of aggravation, occasionally I get hassled by the police - I've been arrested four or five times."

"It's teenagers trying to spoil the show who can be really troublesome," he says. "They throw money at me - it can really sting if the edge of a coin hits you. Some people even grab me in the groin - both men and women - to see if there's a real man inside my suit! You've got to deal with it - either by being thick-skinned or intelligent

about it. Sometimes I grab them back. They're not expecting that, and usually they run a mile. "Often I have no idea what's in the hat till I pack up to go home. I can't get off my box and go and check. I often get five and ten pound notes. The most I've ever had was from an Arab sheikh. His bodyguard had put four pound coins in my hand, but I kept my hand stretched out for more. The Arab guy put a £50 note in my hand! But I have had people stealing from me. "I put the hat for people to throw money into quite a long way away," he says. "It's a tactical manoeuvre. Although I believe that the concept of an alien doesn't make people afraid, people can still be very frightened by me. I try especially hard not to frighten little children, because that could affect them for life."

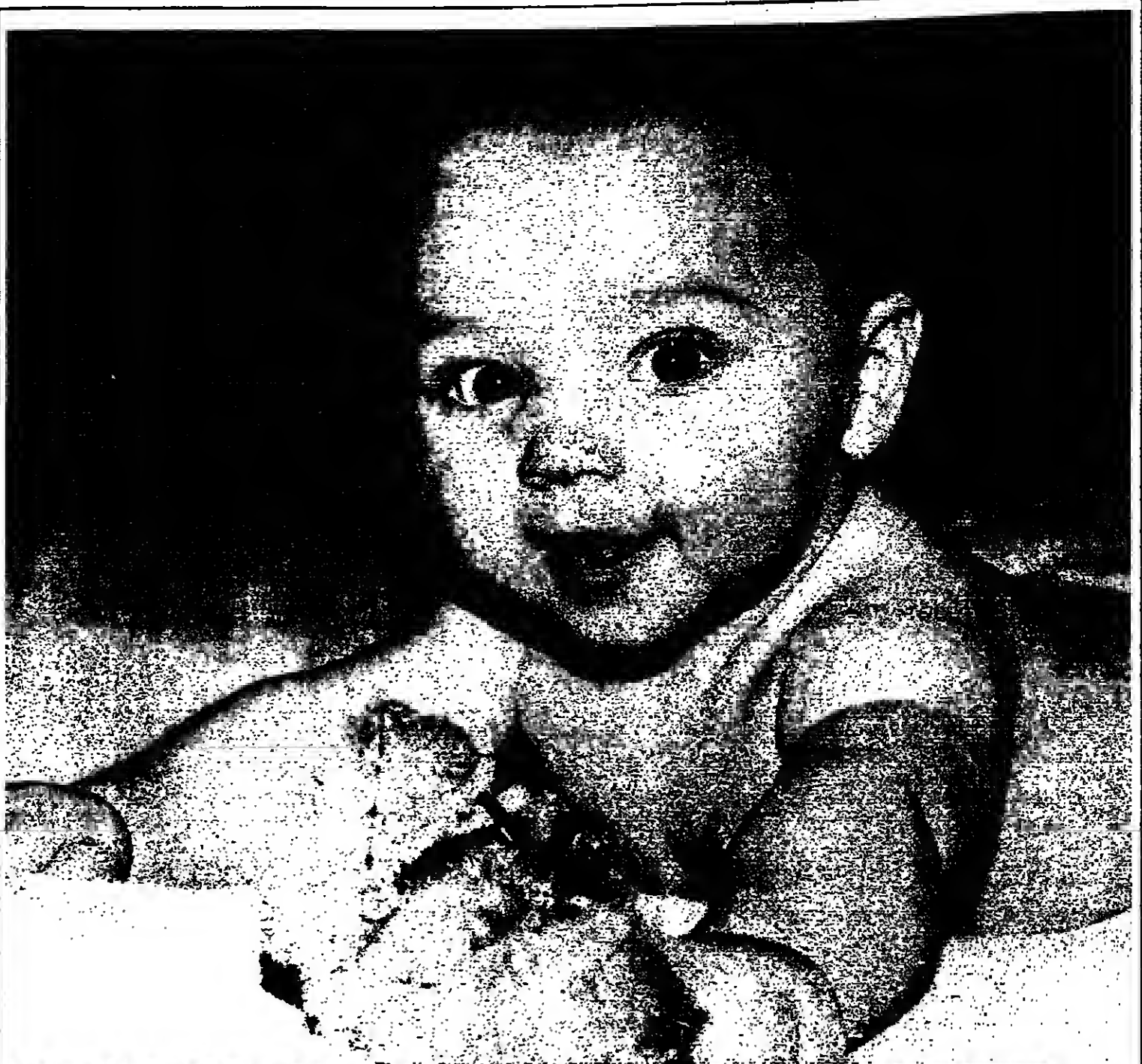
Gardner has four children of his own and another on the way. "So a decent income is vital. I'm not comfortably off. I haven't got a big car. I was one of the first doing this act, and I got copied by a lot of people. I have to keep one jump ahead and change my act to keep it fresh."

"But I have to watch out for the rain - it gets in my circuits, and can ruin my suit. And I have to lay out £500 for a new one. But apart from that and my fare from Clapham, I have no overheads. I really enjoy what I do when it's going well, and when I spend a day in Piccadilly Circus, it's a day in the office."

■ Robotron/Arly Gardner: 0181-671 2833.



Arly Gardner: 'I try hard not to frighten little children'



From the start, babies seem to be equipped to interact with their mother in ways that can have profound effects on her health and on their own development

The Nature of Things

Never underestimate a baby

Andrew Derrington delves into a complex web of mother-child relationships

Our family folklore has it that when my big sister, aged three, saw our little brother as a new-born baby, she asked "can't he walk?" On discovering that he couldn't, she asked: "Hasn't he got any legs?"

Since then, more rigorous inquiries by developmental psychologists have revealed that very young babies have a surprising range of abilities. Right from the start, they seem to be equipped to learn about their mother and to interact with her in ways that can have profound effects on her mental health and on their own development.

From day one, infants are very interested in human beings. "They seem to have a species-specific recognition package," says Lynne Murray of the Winocott Research Unit in Reading University's psychology department. They prefer to look at humans and listen to human voices from within an hour of birth. They will look at a picture of a face in preference to a picture that contains a jumble of face-like features.

These preferences can be measured by videotaping the baby; an experimenter who does not know what is being presented can identify where the baby is looking. This avoids the bias that might occur if a single experimenter, or the mother, does all the testing. Another technique for measuring preferences is to monitor the baby's response to what is being presented by sucking a dummy connected to a recording instrument.

The baby rapidly becomes more selective. Within 38 hours he (or she) prefers his own mother's face and her smell. He will suck a dummy that turns on a tape-recording of her voice. It is possible that experience before birth - for example hearing the mother's voice from the womb - predisposes him towards his natural mother, but in general babies come to recognise their mother through seeing, hearing and smelling her after being born. If a baby is cared for by somebody else he may form a preference for that person.

The baby's attachment to his mother is strengthened by her responses to him. He

doesn't merely want to know that she is at hand; he wants her to look at him, talk to him and play with him.

The Romans knew that this happened - Virgil wrote "incipit parvum puer, risu cognoscere matrem" (Begin, baby boy, to recognise your mother with a smile) - but Murray and her co-workers have only recently discovered how

complicated than that; Murray and her co-workers are disentangling a vicious circle of causes and effects.

The simplest link is that, if the mother does not respond to her baby because she is depressed, his development suffers.

Children of mothers who suffer from postnatal depression do not develop as well as normal. Murray's husband, Peter Cooper, who is a clinical psychologist, has worked with her to show that treating the mother's depression improves the development of the child. But depression does not just have effects, it has causes, which may lie in the baby's behaviour. Murray and her colleagues tested this by monitoring a group of new mothers whose circumstances predicted that they were likely to develop postnatal depression, and comparing them with other new mothers. Two characteristics of the babies' behaviour - irritability and poor control of movement - had a strong influence on whether their mothers became depressed.

Not surprisingly, irritable babies, who become

distressed at even mild stimulation and require a great deal of comforting to stop them crying, make high-risk mothers about three times as likely to develop depression. But they do not affect low-risk mothers.

But babies who have poor control of their movement - they are either hyperactive, making jerky movements all the time, or sluggish in their movements - make their mothers five times as likely to become depressed, whether or not they are identified as being at high risk. In this case the depression probably occurs because it is difficult for the mother to get a response from her baby and so she cannot develop a sense of communicating with him.

Irritability and poor control of movement do not damage a baby's development directly. They do so by making the mother depressed. Murray's next step is to try to break this vicious circle. "We are trying to give intensive support to these mothers so that they do not become depressed," she says.

■ The author is professor of psychology at the University of Nottingham.

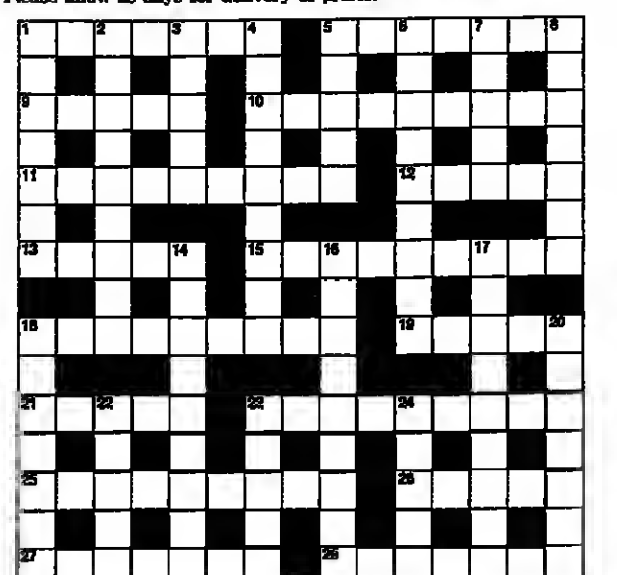
Children of mothers who suffer from postnatal depression do not develop as well as normal

important it is. Playing and communicating with mother seems to be crucial for the baby's intellectual development; the quality of a baby's interactions with his mother when he is two months old predict how well he develops up to the age of five. It is, of course, more

CROSSWORD

No. 9431 Set by CINEPHILE

A prize of a classic Pelikan Souverain 600 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Wednesday July 30, marked Crossword 9431 on the envelope, to the Financial Times, Number One South Bank Bridge, London SE1 8BT. Solution on Saturday August 2. Please allow 28 days for delivery of prizes.



Name: _____
Address: _____

WINNERS 9419: D. Biseley, Oxford; A.J. Brigden, Hull; N. Clara, Barrowford, Lancashire; S. Liddiard, Corfe Mullen, Dorset; J.G. Morgan, Peterhead, Aberdeenshire.

BRIDGE

- ACROSS
- Penalty for libel stating "father's getting old" (7)
 - King with a lot of money from various sources (7)
 - Waterway has power and other things (6)
 - I wielded a gun in fury - to measure a waterfall! (4,5)
 - Conscientious objector: Judge has habit to back family (9)
 12. Mozart wrote a little nocturne (5,6)
 - Go out with last red, showing an experienced player (3,6)
 - 18, 19, 21 On offer with Co-op: tree surgery, second dose free? (3,3,3,5,2,3)
 - Miners united to move on right to be on top of division (9)
 - Long for pupil to bear fruit (9)
 - Right angle to circumference (5)
 - Note to editor about issue: it was brilliant (9)
 - Experienced player, one heard to swear? (7)
 - Sort of war for listener (9)
 - I have little energy, worn out (5)
 - With frost likely to bite? (5)
 - King's drink turns up (5)

Solution 9430

DOWN

- 1930s art has peculiar property (7)
- If in the home, included by chairman in policy document (9)
- Red Sea endlessly rising below seabird, endlessly (5)
- A way to manage illness: get addicted at intervals (5,3)
- (For engineers) one-chain prison (5)
- Newspaper raised a lot of money to give player control (5,4)
- Hurt by a sort of gun on its head (5)
- Protection for female later suffering a loss (7)
- Visit in cathedral precincts? Very nearly! (5,4)
- Don't fancy sleeping with strange male in his clothes (9)
- Note to editor about issue: it was brilliant (9)
- Experienced player, one heard to swear? (7)
- Sort of war for listener (9)
- I have little energy, worn out (5)
- With frost likely to bite? (5)
- King's drink turns up (5)

CHESS

Three times world champion Mike Lawrence is currently visiting the UK on a lecture tour to bring his outstanding bridge texts to life. This defence problem stumped even the most experienced club players, yet the possession of two readily available facts would have cracked it.

North East South West
1S NB NB 2C
Dbl 3C 3H NB
4H

Yon may feel that West should have passed out North's 1S, but leaving the opposition in one-level contracts is usually a losing position. Later in the auction, South, having passed, rightly values his five-card heart suit very highly after North's strong reopening double, justifying his contribution at the three-level.

CHESS

West leads 3♠ which, as East, you win with A♠. The problem is what you should return at trick two? First, note your four trumps. This is a strong defensive feature, particularly if you can force declarer to ruff in his own hand, thereby shortening his own trump holding.

Second, try to form a picture of declarer's hand. Partner's ♠ lead marks South with K♠. As he passed North's 1S opening bid originally, he cannot also hold A♠. These two facts combine to make the winning play at trick two, K♠! This holds the trick, and a spade continuation forces South either to concede a trick to West's A♠ - which, together with your ♠, sets the contract - or makes him ruff in hand. When you regain the lead with ♠, you continue spades and now, when South ruffs, you will hold more trumps than he does, taking him out of control and short of tricks.

Switching to a low spade at trick two is not good enough. Partner wins his A♠, but cannot force declarer to ruff more than once as your K♠ will be ruffed out if spades are led again.

CHESS

Miguel Najdorf, the Argentine grandmaster who has died aged 87, was one of the best players of his time, who beat five world champions and won more than 50 tournaments. His outgoing and volatile personality enlivened many world championship matches and olympiads.

Najdorf gave his name to a popular variation of the Sicilian Defence 1 e4 c5, while in 1946 he broke the record for blindfold chess, taking on more than 40 opponents without sight of the board.

A few days before he died he was still running his insurance business and playing daily speed chess. This active longevity following his blindfold achievements challenges a conventional view. Blindfold chess used to be banned in the Soviet Union, and many consider it a health risk: yet George Koltanowski, who also held the record, is a journalist at 93 and gave complex blindfold displays aged nearly 90.

In his youth, Najdorf played the "Polish Immortal", a near-unique case of sacrificing both bishops and both knights for an elegant checkmate. When White failed to place his cl bishop

CHESS

outside his pawn chain, and then made a couple of careless knight moves, he was already lost - but it took some spectacular play to prove it (Glucksberg v Najdorf, Warsaw 1930). 1 d4 f5 2 c4 Nf3 3 Nc3 e5 4 Nf3 d5 5 e3? c6 6 Bb3 Bb6 7 0-0 0-0 8 Ne2? Nbd7 9 Ng5? Bxb2+ 10 Kh1 Ng4 11 f4 Qe8 12 g3 Qh5 13 Kg2 Bg1 14 Nxe1 Qh2+ 15 Kf3 e5! 16 dxe5 Ndx5+ 17 fxe5 Nxe5+ 18 Kf4 Nge+ 19 Kf3 f4 20 exf4 Bg4+! 21 Kxg4 Ne5+! 22 fxe5 h5 mate.

No 1190

Reti v Tartakover, New York 1924. Two grandmasters noted for their tactical skills met in this week's puzzle. Reti (White, to play) is a pawn up, and can win a knight by 1 Nxd4 or 1 Qxg4+. Which is best?

CHESS

Solution, Back Page

Leonard Barden

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1500

PERSPECTIVES

Hugh Dickinson

Dispelling myths in the valley of addiction

New laws may appease public anxiety about the youth drug scene, but they should reflect the moral views of the young people involved

The young man was weaving his way through the crowds of tourists, talking volubly to himself. Behind him heads turned; in front of him people edged away. He fetched up beside me on the edge of the pavement as I waited for the lights to change. But he didn't pause and stepped out straight in front of a cyclist. I grabbed his anorak; the cyclist swerved out in front of the lorry behind him; the lorry braked and the bus behind the lorry hooted furiously.

As it happened no one was hurt, but it had all the makings of a nasty accident. My unwilling captive seemed entirely unaware of his surroundings or of the momentary chaos he had caused. He struck out feebly at my arm and wandered off continuing his

conversation with his invisible friend.

I've no idea what toxic substance he had been using that day but a month later he was found dead in a corner of a car park. In a small community, such tragic incidents feed the public anxiety about the youth drug scene. The strange thing is that there is much less anxiety about alcohol-related deaths than those resulting from hard drugs, and they make smaller headlines in the local paper.

There are so many myths and misunderstandings. Like doctors working in the accident units at the foot of the ski-slopes, those who work in drug centres and doctors' surgeries see the tragedies; behind these individual cases there is a long trail of fractured families, even of babies born drug-dependent because of

the addiction of their mothers. But the fact remains that half the young people in this country have experimented with illegal drugs by the time they are 16. A million youngsters are believed to use Ecstasy every week. They just do not believe the warnings the adult world beams at them, partly because the adult world does not practice what it preaches, and partly because over 90 per cent of them get only pleasurable highs. Out there on the sunny ski-slopes they are enjoying themselves without much thought about the risks.

They make comparisons with other acceptable but still dangerous drugs. Far more people die of smoking-related diseases than of any other addictive drug; one in 11 heavy smokers dies of lung cancer. Alcohol is destroying many more lives and more rela-

tionships than cannabis. But young people do not recognise that smoking cannabis can trigger schizophrenia, or that far more tar is inhaled than from tobacco. After taking alcohol, reaction time is restored after 8 hours; it takes 24 hours after Ecstasy. Driving after taking Ecstasy is more dangerous than with alcohol in the bloodstream.

Nor do they realise that amphetamines permanently damage nerve terminals in the brain and leave permanent mood changes. They don't mention that even one dose is fatal for some people, nor that it is the weak and vulnerable people on the margins of society who are the main casualties of the drug world. They don't admit that there is a slide from the so-called soft to the hard; heroin creates chaotic personalities, cocaine is

quickly addictive and lethal. They don't mention these things because there are so many people in their experience who are using non-addictive drugs in moderation and without any obvious ill-effects. They don't see the casualties, just as smokers don't see the men and women dying agonisingly in the hospital wards.

The moral dilemma is the criminalisation of a social activity which is regarded by a great swathe of the population as morally no worse than smoking or drinking. Among the 15-30 age group, driving after even one drink is widely regarded as morally reprehensible. They are shocked when the older generation is casual or careless about their drink-driving habits and by the comparatively lenient sentences handed down on conviction.

They are not morally insensitive. Of course, the possession or supply of drugs is a criminal offence. The law is aimed at a morally corrupt, dangerous and corrupting criminal network. Drug addiction and its supply is one of the major causes of crime and violence. Society must defend itself.

But among these young adults, getting small supplies of non-addictive drugs to give - not sell - to friends at a party is widely regarded as no different from taking along a bottle of wine. There are otherwise thoroughly admirable young men in prison - in one case serving a sentence of four years - because it was their turn to act host to their friends. They and their friends recognise that they have broken the law, but they feel that in this

Lunch with the FT

Sinn Féin's hard man with a soft face

Kieran Cooke finds Martin McGuinness hard to fathom - except when he talks about fishing

Martin McGuinness's right-hand man walks across the bar and introduces himself as Dominic. With his black blazer and grey trousers I had assumed he was the head waiter. The image of Sinn Féin, political wing of the IRA, has changed. Gone are the donkey jackets and jeans. It's more Armani than bargain basement these days.

In comes the newly elected MP for Ulster-Mid. At 47, he is slightly stooped in the shoulder but is built like a retired rugby player. McGuinness, a teetotaler, orders an apple juice. Dominic has a lemonade. I join the party and order mineral water.

We slide into things gently. "Is it true you're a keen fisherman?" I ask.

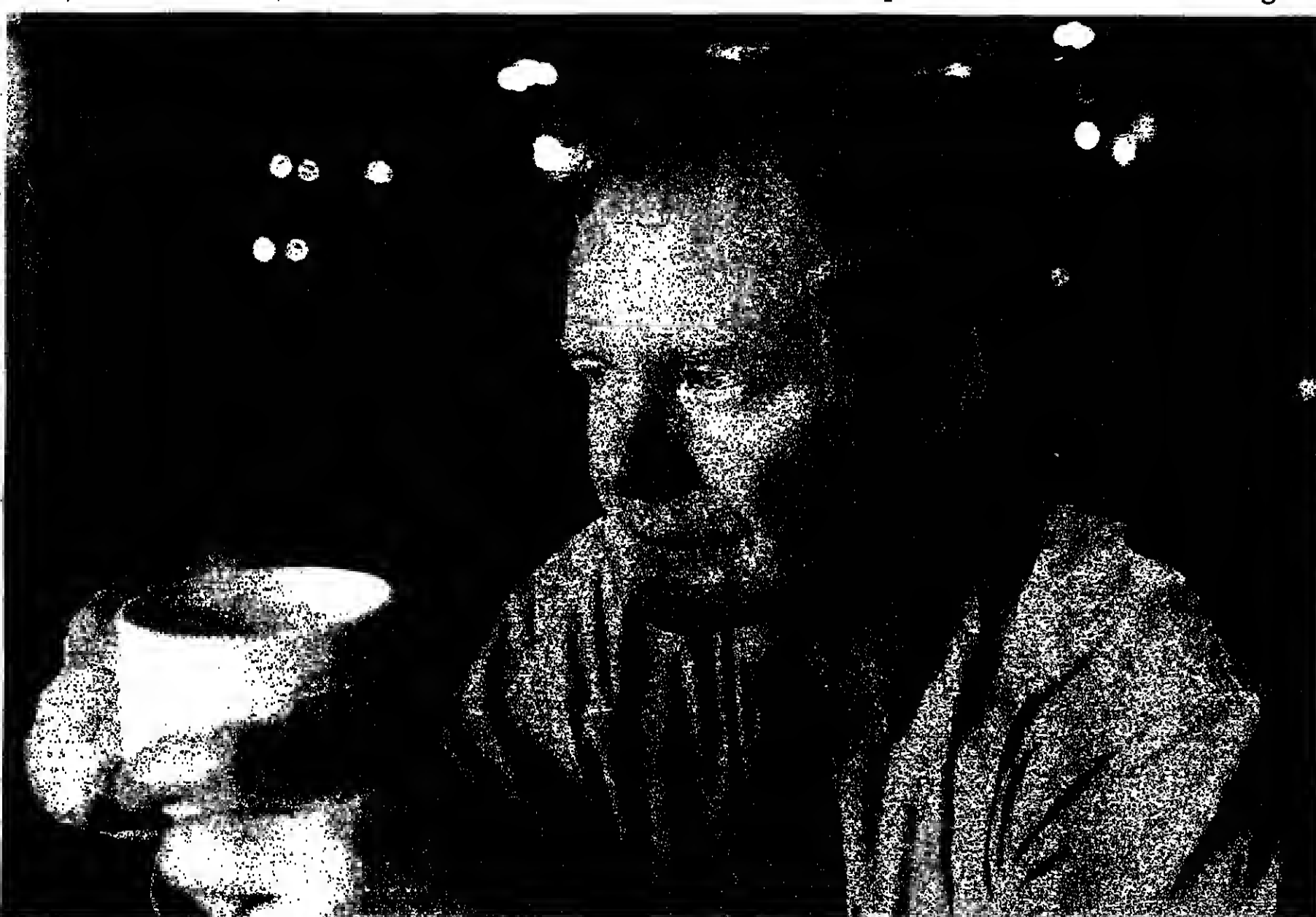
"That's an understatement," says McGuinness. He leans forward confidentially. "Do you know I have written an ode to the sea trout?" I say I'd like to see it.

We are sitting in the bar of the Trinity Hotel in Londonderry. A party of US tourists in bright colours passes the door. So do two army Land Rovers, with soldiers and machine-guns poking out of the top. The threatening and the humdrum live side by side in Northern Ireland. The tourists reach for their cameras.

For a time the conversation meanders around rivers and streams. McGuinness is worried about the growing problem of sea lice and the effect on the trout population. But the fishing talk is soon at an end. McGuinness is first and foremost a product of Northern Ireland's "Troubles".

In 1972, when he was only 21, McGuinness was part of an IRA delegation that travelled to London for talks with the British government. He has associated with leading IRA members and carried coffins at IRA funerals. In the early 1970s he was jailed in the Irish Republic, convicted for being a member of the IRA. He has never been convicted of terrorist offences in Northern Ireland. He is admired but also feared - described as a hard man with a soft face.

McGuinness looks around: he was born and bred in the nearby Bogside area. Everyone knows him. There are



Martin McGuinness: 'I'm careful, not foolish. I can still go off trout fishing alone'

nodes and handshakes. "Your face is familiar," McGuinness says to me. Indeed, we had met before. The last occasion was on a miserable March afternoon in 1983 at a cemetery in West Belfast. Three IRA terrorists shot dead by SAS soldiers in Gibraltar were being buried and I was there to cover the story.

As the first coffin was being lowered into the ground a loyalist terrorist threw hand grenades and started shooting. Lying on the ground, I saw the face of Gerry Adams a few feet away, his glasses askew.

McGuinness was up on his feet, directing operations. Adams is considered to be

the brains behind Sinn Féin. McGuinness has always had the reputation of a man of action - he is said to be regarded as good officer material by some in the British army.

The food arrives. Dominic has ordered roast beef, McGuinness chicken casserole and I have the fish. People in Northern Ireland are not known for a healthy diet. McGuinness upends the salt cellar on his chicken. The conversation becomes serious.

He says the British government is now putting forward very different proposals on the peace process. "If it had done that 18 months ago then so many deaths

could have been avoided." He lists each recent incident, from Canary Wharf to the murders last month by the IRA of two RUC men.

"You seem always to blame someone else for the murders and bombings," I say. "Don't you ever take responsibility?"

"We are all part of the problem," says McGuinness. "At least the IRA admitted responsibility for the deaths of those two policemen. It's something the British army and RUC never do."

So does that make it all right, I ask. People can be murdered but, as long as you admit it, everything is fine? I find my voice has risen. My fish is getting cold.

McGuinness is totally calm. "I'm not justifying what happened to those policemen or other tragic events but you've got to understand the feelings of neglect and exclusion of people in the nationalist community. It's to do with levels of hurt and anger."

McGuinness claims reporting of events in Northern Ireland is often selective. The deaths of the two policemen last month was met with a lot of media hysteria, he says.

A wafer-thin man comes up to shake the hand of the chief Sinn Féin negotiator. "This here is a player of the Uilleann pipes," says McGuinness. The man looks

embarrassed. "I taught him to play the tin whistle when we were in Crumlin Road jail together in 1976."

But I want to get back to talking about the man from the Bogside. Why has so little been written about him?

"The two greatest influences on my life have been the British Army and the RUC," says McGuinness. There is a slight smile. The eyes twinkle.

I bring up the question of credibility. Who am I talking to? The IRA or Sinn Féin? Surely they are one and the same thing.

McGuinness is unruffled. "You might never trust me," he says. "I might never trust

you. But we have to find a way forward. We have to break the cycle. And I vehemently refute your allegation that the leadership of the IRA and Sinn Féin are interconnected."

"I don't speak for the IRA. People try to demonise Gerry Adams and me, to marginalise us. That's the road to nowhere and to more confrontation. Look at the election results. Look at how many people voted for Sinn Féin. They voted for our analysis of what's happening. You can't turn them into second class citizens by denying them a voice."

We have finished eating. I look over McGuinness's shoulder. Who is watching

us? Is he concerned for his safety?

"It's something I don't get up in the morning worrying about. I'm careful, not foolish. I can still go off trout fishing alone."

I ask if he ever regrets becoming so involved in events. "Sometimes I want to grab my fly rod and just go away but I'm a republican first and foremost. What motivates me now is that I can help bring about a settlement."

He talks of taking risks for peace. I wonder where the threats come from - the loyalists or his own side.

Is the reason he does not condemn the IRA that, if he did so, he would be killed by an IRA bullet in the morning?

There is a slight pause. "Ritualistic condemnations are pointless," he says. "I go beyond condemning by the work I'm doing. Look at the way the unionist politicians condemn the killing of nationalists. I can't believe they are sincere. Their condemnations are not worth tuppence to me or to most people in the nationalist community."

We have coffee. I say I can't understand what Sinn Féin and the IRA are about. To most people in both the north and south of Ireland the idea of unity is irrelevant. They just want to get on with their lives in peace. "The southerners don't want you. You are trouble," I venture.

McGuinness points to recent Sinn Féin election successes on both sides of the border. People in the south have shown their support. Even in Britain he finds many people agree with him. "What is going on has caught the world's imagination."

I say we must live on different planets. Most people I meet, in Ireland or Britain, just wish Northern Ireland and its problems would go away.

The photographer arrives. Dominic tells me McGuinness hates photos. The waitress jokes with him. No doubt about it: the Sinn Féin man is a charmer. His answers are as practised as those of an old-style politician.

But after two hours' conversation I can't say I feel any more optimistic about the future of Northern Ireland.

The poetry community recently got itself into a tizz over the question: can there be bubbles in the football pools?

The image comes from Louis MacNeice's poem *Hold-up*, and the ensuing debate showed poetry to be split between the literalists, who flatly asserted the narrowly obvious (there are no bubbles in the football pools), and those such as the poet and reviewer, Sheenagh Pugh, who demonstrated passionately and convincingly that there are: "There are bubbles of hope, of unfounded optimism, of transience, of I'm Forever Blowing Bubbles, of Champagne Charlie, of South Sea..."

On the face of it, science supports the literalists. All metaphors are strictly untrue: science can have no truck with such tenuous skins of reference.

But I would like to turn this common-sense notion on its head. It is when poetry is being intensely metaphorical that it approaches some sort of

rapprochement with science. Shakespeare was a scientific poet. Obviously that needs to be qualified by the admission that there was no science, in the modern sense, in Shakespeare's time.

But Shakespeare used the knowledge available to him as a metaphor machine, taking bits of lore and language from trades, snippets of cosmology, and linking them to the emotions and situations of his characters.

The great power of Shakespeare's language comes from its physicality - "should soldier up the ruff?" - "how he glitters through my rust". He used what was to hand so voraciously you feel sure he

would have appropriated vast chunks of science had he been alive today.

But this physical gusto died with Shakespeare: a poetry of conventionally superficial description became the norm. Take the poem most often cited as the type of all poetry: "...A host of golden daffodils, Beside the lake, beneath the trees, Fluttering and dancing in the breeze".

Seeing a swathe of daffodils, a modern poet with some scientific curiosity and wonder might be struck by the massed radiance of the yellow and reflect that the wavelength of yellow light is the same throughout the universe, whether it comes from

Truth of the Matter

Science is as golden as a daffodil

Until science is 'familiarised to men' it is of no use to the poet, argues Peter Forbes

the sun, another star, or a daffodil.

Then again, the poet might reflect on how the distinctive shape of the daffodil's corolla gives it its character.

The 19th century poet and priest Gerard Manley Hopkins did just that.

He used the term "inscape" to describe the character generated by the shapes of natural things.

He did not analyse the daffodil as far as I know but he did do the snowdrop: "They give one a fancy of pan-pipes or of some wind instrument with stops - a trombone perhaps..."

Wordsworth himself was aware of the possibility of a poetry that went beyond appearances: "If the time should

ever come when what is now called science, thus familiarised to men, shall be ready to put on, as it were, a firm of flesh and blood, the Poet... will welcome the Being thus produced, as a dear and genuine inmate of the household of man."

Perhaps, with the recent upsurge of popular science writing, that time is coming. Because for a concept from science to be used in a poem it must become "familiarised to men".

The process whereby heated iron first glows red, then yellow then white is almost universally recognised, and if a poet used it as a metaphor for an emotional quickening no one would find it difficult or inappropriate.

Similarly, the tunnel effect in quantum mechanics (in which a particle can surmount an energy barrier without technically having the energy to do so) might be a good analogy for the human spirit triumphing over matter.

The problem is that it is not sufficiently widely known to resonate for most readers.

One of my favourite concepts in science is Maxwell's Demon. James Clerk Maxwell, the 19th century physicist, invented this fictitious character who screened the whirling molecules whizzing back and forth at random in a gas, so that, contrary to experience, all the fast (hot) molecules ended up in one end of the container and all the slow

ones (cold) in the other. Maxwell's Demon was a thought experiment that allowed Maxwell to visualise the behaviour of gas molecules.

It could also be a useful metaphor for many human activities: the journalist John Ryle once boldly applied it to editing - letting the unknown but gifted particles through and barring the rest.

I have been tempted to use the Demon from time to time in the world of poetry but have been warned off - it is simply not known to anybody who has not studied physics or chemistry.

As I write, the word "gatekeeper" is in vogue in the very situations that might admit the Demon. Gatekeeper suggests the countryside, the 18th century.

We still have a lot of catching up to do before Wordsworth's prophecy is fulfilled.

Peter Forbes, a science graduate, is editor of *Poetry Review*

PERSPECTIVES

Bridge is no help over troubled waters

Putting on a poker face, Paul Mendelson forgoes his normally genteel milieu for a smoke-filled room to try his hand at Seven-Card Stud

The scent and smoke and sweat of a casino are nauseating at three in the morning... so wrote Ian Fleming at the beginning of *Casino Royale*. The same is true at ten at night in the Victoria Casino on the Edgware Road, and I seem to be responsible for most of it.

I'm sitting at a nonagonal table with eight impassive strangers, and a dwindling pile of chips that were once a reassuring wad of the FT's banknotes, wondering what the hell is going on. They've sent their mind-games man to study the differences between his own game, bridge, and poker, and he's finding out the hard way.

Even if you don't know that the players are tough by reputation, you can tell just by looking at them through the haze in their conical pools of light. The women playing Kalooki are pale and thin-lipped, ruthlessly focused, rouged cheeks concave from concentrated inhalation of their shaking cigarettes.

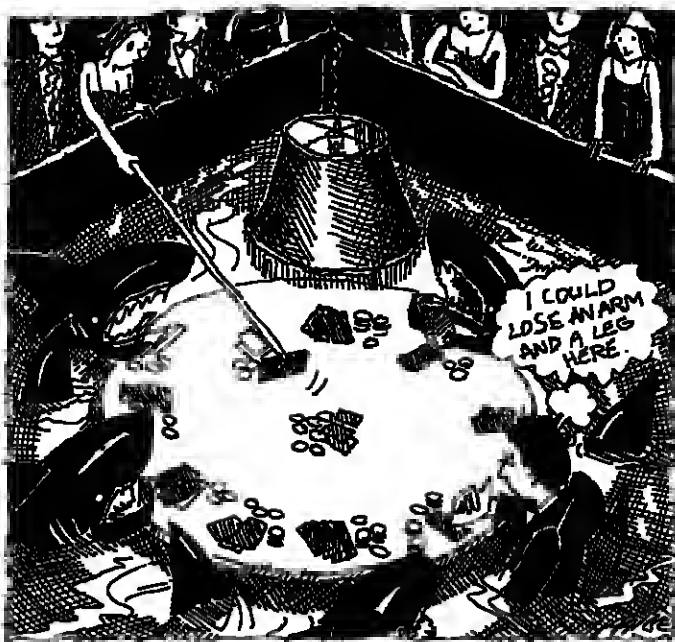
The men playing Omaha, Hold 'Em and Seven-Card Stud may be public schoolboys straight in from the City, visiting Americans, retired bus drivers, but they are all alike, face and hands sallow and hands nicotine-stained. But beneath the hooded lids, their feigned uninterest, the low lamp-shades illuminate a glimmer in their eyes, a reminder that there are brains minutely attuned to every

ounce, each tiny shift in the tempo of the betting, the tell-tale posture of the player staying in the pot.

Many bridge players leave the game for a time. They become disenchanted with the reliance on a fallible partner, and long to be masters of their own destiny. They turn to backgammon and to poker. Here, there is no one and nothing to blame in the long term, because poker is just as much a game of skill as bridge. At both games, there are right and wrong ways to bid and play a hand, sets of odds to be remembered, and a psychology to be brought to bear.

The biggest difference is that bluff at bridge is merely disruptive, whereas at poker it can win you the pot. The talking too, is different. Coffee-housing-making subtly misleading, or provocative, comments - is part of the cut and thrust at the poker table, but the worst form of gamesmanship at bridge.

For me, as I nervously accept my seat in the Seven-Card Stud game at the Victoria Club, none of this matters. I've never played club poker, and I'm damped by the rituals and the speed of the game. I'm used to feeling confident in bridge rooms the world over, knowing that I can hold my own in any game. But here I feel numb, that I'm about to be bowled out as the amateur I am. I try a tight smile and a nod to my fellow players, but the cards are being dealt, and I am left to fumble for my ante. No pleasures, no interaction with



a partner, no feeling of teamwork. I'm on my own with eight sharks, a fish out of water.

I know how my students feel now when they stay long for a bad hand when I'm watching, so that they can pass and the spotlight can fall on another soul. We're dealt three cards, the first two face down, the next up. Then, there's a round of betting. If you stay in, three more up-cards follow, each with a round of betting, and finally the seventh card, down, and one final round of betting until the showdown, or the resignation,

and the open arms of the winner as he drags the chips towards him. The first hand is, miraculously, hopeless, and I fold gratefully.

I can remember all 52 cards at bridge, hand after hand. Here, I'm having difficulty keeping track of the three or four up-cards before people fold on the first round. And the deal is edging my way. I've dealt enough decks of cards in my time not to be fazed by the prospect of dealing... surely? But my confidence level is zero, and the moisture has drained out of

my mouth and seems to be coming out of my hands. The slick plastic cards stick to the tips of my fingers as I push them around the table.

Later, I make a terrible dealing error, and I'm surprised to find that after groans and rolled eyes, everyone comes to my rescue, and the mass is sorted out without further recriminations. So, maybe, I'm discovering the same bonds at the poker table as at bridge. We players love our game, nothing else matters...

I won my first pot after an hour of sweaty play - a paltry £40 - courtesy of a pair of queens showing and a modest raise. My confidence doubled and my heart-rate halved on gathering in the chips. But now, two hours have passed and I'm down to half my stake - 100 of my pounds having been distributed fairly equally around the table.

At least my brain is working on the matter in hand, even if I realise that it is without all the information I really need. And I know that I'm not falling for the nervous amateur move of betting just to see everyone's cards. I'm playing tight, coming in reasonably unpredictably on just a few hands, and that is right. In the back of my mind though, I know that I'm not reporting in with a small loss. I'm coming back in profit or having lost the lot. I'm going for the big one...

Half an hour later, it comes. The ante is a deceptively small 50 pence. I'm dealt King of Hearts (Kh), 3h, and 4h.

Everyone follows to the £1 bet, eventually - the guy on my left is a squeezer - he pulls his hole cards to the edge of the table, and swoops them up to his chest. Then he peers down at the top card, and squeezes the cards together until, finally, the value of the second card shows behind.

My next card is 5c. Three players fold, no one seems to have anything showing, but there's a £5 bet. I've got the chance of a flush, a straight, or some number of kings, so I'm staying in. I'm dealt 2d. Three more fold, there's three of us left. The tough young guy to my right looks at his hidden cards again, puts them down, takes a drag on his cigarette, pulls his cards up at their edges to squint another time. Then he bets £15.

I reckon he's on a high pair, and I've got two more cards to fill my open-ended straight, and I haven't seen an ace or six yet. Squeezer on my left stays in, too. My last up-card is Ks, and although it seems nice, it's not what I wanted. The guy on my right, still with no aces showing, bets £25 and, trying to look as reluctant as I've been throughout the evening, I follow.

My mind still can't compute the odds of my straight, but I'm pretty certain that I've won the hand if I make it. I may have won the hand anyway with my two kings, unless one of these guys has two aces hidden. The guy on my left folds, so it's two of us. The last card comes towards me, and I remember the excitement from the games at

school and at home and, dare I say it, at work.

I have a strong feeling that it's going to be an ace or a six, and then I'll go all in, and if something happens that I haven't even considered, at least it'll make a story. But it isn't an ace, and it isn't a six. It's another king.

Looking at my opponents' cards, I realise that only three hidden aces will beat me. Now, what do I bet? A real poker player - not just a refugee from the genteel world of bridge - could tell me. I try the same £25 he tried on me last time. The guy on my right closes his eyes. I should want him to raise, with every snout of my body I should want him to raise, but I'm secretly hoping he's not even going to call me, so I don't have to show my hand, my flunked three of a kind when I was playing for a straight.

There's £150 on the table, and I tempt fate by imagining pulling it in towards me. The man sighs, checks his cards into the middle and shakes his head. He murmurs something as I gather in the pot. Whatever it is, it isn't well played.

I leave, later, with £50 profit, reflecting that maybe I knew more than I was letting on... but, and it is a big but, far less than I need to survive in that game. The old poker saying came to mind: If you can't spot the mug at your table in half an hour, it's your. The good news was that I had spotted him. The bad news was it was still me...

Drive to Newmarket, north east of London, and you enter a town that for nearly three centuries has been home to many of the finest racehorses ever produced. Even today, some world-class racehorses live in Newmarket - together, they are added, with thousands of fakes.

They are not really fakes; that is an exaggeration. But for every champion racehorse there are hundreds - more - whose talent and value are mainly an illusion. They are not counterfeit, exactly. More accurately, they are replica racehorses: inferior copies of the perfect article.

I was thinking about fakes, replicas, copies and imitations when I reached Newmarket the other day. If you take the road straight ahead at the Newmarket clock tower you will pass, on the left, the entrance to an equine cloister known as Stanley House Stable.

The yard's most celebrated resident, born in America, is the current English Derby champion, Benny The Dip, a dark-coloured thoroughbred worth several million. I and my assistant, Paul Willson, are fond of Benny; we backed him in the Derby at 11-1. However, at the clock tower I turned right - east - towards the nearby village of Stetchworth where I found the woman I was seeking, Patricia Hussington. She is an expert on fakes - not replica racehorses but fake works of art, which for more than three millennia have defined the depths of human deceit.

□ □ □

My name is Jane Astor. I was born in England but grew up in America where, after college, I trained as a corporate investigator at Kroll Associates in Florida.

Now I live in London where I work as a private detective - for one client at a time and only four days a week. This is my contribution to changing patterns of work as we prepare ourselves for the assumption of labour by robots.

My client at present is Elizabeth Mallalieu, a rich and beautiful woman whose husband, Robert, a gold market specialist, was murdered in London's Little Venice on May 9; a victim, so the police believe, of the epidemic of "Rolex raids" that have been making the news.

Rolex raids are street muggings in which watches, jewellery and cash are grabbed from wealthy-looking individuals. Yet by London standards, this was an unusually savage robbery. Robert Mallalieu, whose watch was stolen, was killed with a cut-throat

FAKE, by Michael Thompson-Noel: Chapter 5

Robert Mallalieu, a gold market specialist, has been murdered in London. His throat was cut.

His widow, the beautiful Elizabeth Mallalieu, isn't satisfied with the progress of the police inquiry, so she has hired a private investigator.

Mallalieu's clients included a Russian businessman, Dmitri Zhuruvsky, who may have been laundering money via the London gold market. But gold was not the only link between the two men. They also shared a passion for fake works of art.

The investigator, Jane Astor, has treated Zhuruvsky as her No.1 target. This has angered the Russian, who plans to fly to Britain to confront her.

Astor's assistant is an eccentric 20-year-old who listens to trance music. The investigator herself drives a flamingo-coloured car as a salute to post-feminism.

As this odd couple delve deeper, they enter a world where nothing is what it seems...

razor and died in the gutter.

I am not going over the same ground as the police inquiry, which is treating his death as a fatal robbery. Instead, at Elizabeth Mallalieu's behest, I am examining the possibility that his murder may have had a different cause. What that could be, she does not know. But then, if Elizabeth knew the answer she would not be paying me £1,050 plus VAT per 24-hour week, plus (I hope) unchallenged expenses.

□ □ □

I found Patricia Hussington in a picture-book cottage surrounded by flower beds; very English, over-tasteful. She was in her early 50s and said she lived alone, except for two dalmatians that were roaming around the garden. "Giddy, silly dogs," she muttered, as we entered the cottage.

Patricia Hussington is both a professor and an aristocrat, so to address her formally you would call her Professor Lady Patricia Hussington. She told me to call her Patricia. I had been given her name by the British Museum, which told me she was one of their consultants on matters of authenticity - especially all forms of fakery, and methods of detection.

I had told her on the phone that I had been hired to investigate Robert Mallalieu's death, and that I wanted to hear what she knew about Mallalieu's relationship with a Russian lawyer and businessman, Dmitri Zhuruvsky. By all accounts, Mallalieu had managed Zhuruvsky's \$100m

investment in the London gold market - an investment that has shrunk in value because of the notorious gold price.

In addition, I had discovered that the two men were up to their necks in the market in art fakes. Both collected them, and both had given money to underwrite exhibitions of fakes.

Why they had done this was a mystery to me, but I was sure Patricia Hussington knew the reason: she had organised and curated the exhibitions concerned. She had known both men well, and had told me on the phone she had been shocked to hear of Mallalieu's brutal murder.

"That's right," she said, when we were in the sitting room. "I liked them both. They were chalk and cheese. Robert was urbane; Dmitri is... not. Dmitri is a rough diamond, but reasonably clever - cleverer than Robert, I tended to think."

I asked her how Mallalieu and Zhuruvsky had got involved in fakes. She rubbed her jaw, then lit a cigar.

"Have one," she said, waving the cigar box.

I laughed; she was wonderful. "No thank you," I replied. I lit a cigarette.

"Let me take you back for a moment," she said, "to 1990, when, as you know, the British Museum staged a successful exhibition of fakes, which got the ball rolling. There was a most authoritative catalogue."

I told her I had read it.

She nodded. Then she said: "It was that exhibition that put fakes on the map - established

their respectability as an area of study. In 1992 a smaller exhibition was staged in Gent, which is where Robert and Dmitri met. They were fascinated by fakes; they had loaned items to the organisers. Subsequently, I prevailed on them to help financially with exhibitions in Bordeaux, Lisbon and Brussels. They were rich collectors - happy to oblige."

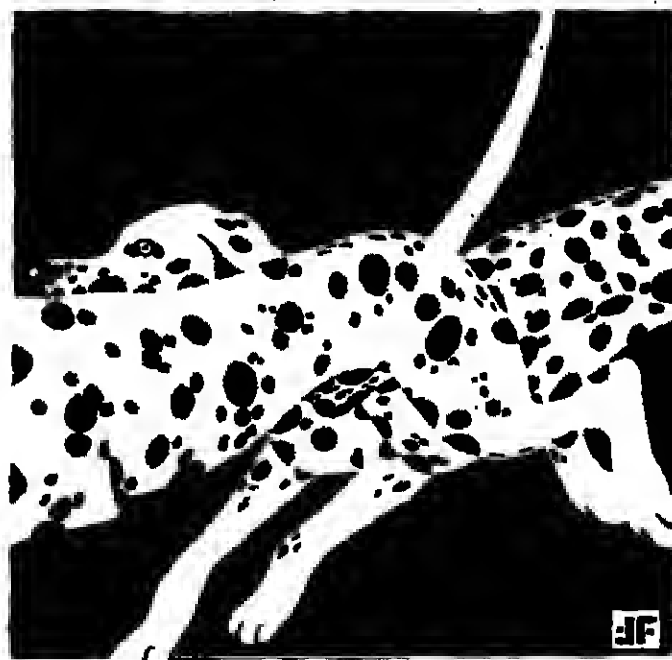
"But what were they up to?" I asked. "It's a strange business, collecting fakes. Or isn't it? What is the attraction? Are some fakes valuable? Were they stirring up the market in the hope of financial gain? How much are fakes worth?"

Patricia Hussington drew on her cigar. To charm her, I blew a perfect smoke-ring; it hovered quietly for a while before disappearing towards the kitchen.

"So many questions," she said. "Let me give you some context. Fakes are booming, in every sense. When I was young, we used our eyes and our scholarship to detect fakes. Now, it's more complicated. Scholarship is still crucial in deciding what is authentic and what spurious, but art detection has become fully scientific. There have been so many advances. As a result, works of art and antiquity are being increasingly - and coldly - scrutinised. The authenticity of virtually all major collections around the world is being investigated."

She paused to relight her cigar.

"At the same time," she continued, "David Lowenthal, a friend of mine, has observed that time-honoured reasons for preferring



originals to replicas or fakes are starting to erode. Today, many mass-produced objects can be identified as such only by scientific analysis. To the naked eye, they are as good as originals - whatever that means. As a consequence, some people are starting to question the very concept of faking. What is real? What is false? What do those words mean?"

"Were Mallalieu and Zhuruvsky stirring up the fake market?" I asked.

"Of course they were. They were collector-investors; a phrase that comes from the legitimate art market, where it is utterly respectable. Dmitri and Robert hoped to turn a profit; nothing unusual in that."

"Did they specialise?" "Certainly. You have to. Lately, Dmitri has collected mainly Russian fakes: enamelware - very pretty - silver serving pieces, porcelain, maps and Fabergé."

"Fake Fabergé?" "Of course. Fakefakes, as we call it, is common and very cheap. Why, you could buy a pair of genuine Fabergé cuff links for \$2,000 to \$4,000, depending on materials. A fakefakish version of the same thing, depending on quality and period - \$250 to \$500."

"And Mallalieu?" I asked. "Generally, Robert collected fake English and continental 18th and 19th century paintings, drawings and furniture. He had some good stuff. His wife has a number of the best pieces in her house in London. Some are pretty valuable. At a guess, Elizabeth prob-

ably has - I'll stay in dollars, otherwise I get a headache - \$300,000 worth of notable fakes in her house. They belonged to Robert. He stored them there."

"Were Mallalieu and Zhuruvsky good friends?"

"I think so." "Yet, in London, it is thought that Mallalieu encouraged Zhuruvsky to invest in the gold market. His advice has been poor. Zhuruvsky is losing more than \$20m."

"About that, I would not know."

"Did you ever witness friction between them?" I asked.

"No. The only friction I recall involved Dmitri and me, not Robert. It was three years ago. I was preparing the exhibition in Bordeaux. There was a crate of objects from Moscow, addressed to Dmitri, care of me. So I opened it. When he arrived, Dmitri was incensed. The manifest stated that the crate's contents were fake artworks. Among them was a pair of what, purportedly, were fake porcelain palace vases: replicas of vases from the Imperial Porcelain Manufactory in St Petersburg - period of Alexander II, mid-19th century."

"Why was Zhuruvsky angry?" "He said I should not have opened the crate. It was his property."

"His fakes?"

Patricia shook her head. "Not at all. I know quite a lot about the St Petersburg manufactory, as it happens. Strange what you pick up in life. That pair of vases was not only genuine but immensely fine in quality. I

remember them well. They were blue oval vases painted with colourful birds and butterflies. Each vase had ornate handles chased with sprays of flowers. They were exquisite - and valuable.

"How much?" I blew an imperfect smoke ring.

"At least \$125,000 the pair if auctioned today. Had they been fakes, their value would not have exceeded \$2,000. Dmitri claimed there had been a mix-up. He said the vases were nothing to do with the exhibition. I never saw them again. He cooled down eventually; even took me to dinner. He behaved like a gentleman; didn't make a pass. I was relatively disappointed."

I whistled. I had found Zhuruvsky out.

□ □ □

I live near Marble Arch. When I got home my assistant, Paul Willson, was working at his screen. I told him to knock off. Paul is 20. I don't want him to become a geek.

First he gave me an envelope. It was from Elizabeth Mallalieu. There was a handwritten note, plus a cheque for \$4,200; payment for four weeks' work. To be paid so promptly by a client is so unusual that I found it baffling.

Next, Paul showed me a fax from Dmitri Zhuruvsky, stating that he - Zhuruvsky - would meet me at Culloeden Moor, near Inverness, in five days' time. I had been planning to go to Moscow, to confront Zhuruvsky. I would have taken Paul; he had been looking forward to it greatly. Instead, mysteriously, Zhuruvsky had declared he would meet me in Scotland. I would still take Paul. I told him to ring Air UK and book tickets to Edinburgh, plus a hire car.

□ □ □

Later, Paul and I went out. I had spent all day wrestling with fakes and fakery, and with the twists of the Mallalieu case. I wanted some relief.

"Paul," I said, "I've had enough fakes for now. We're going to see a trashy film at the Odeon, Marble Arch." The Odeon, Marble Arch, shows practically nothing else. Sequels, remakes, knock-offs and fakes.

... TO BE CONTINUED

Chapter Six of FAKE will unfold in next Saturday's FT Weekend

All of the main characters are fictitious

FT Weekend Competitions

In week five of our eight-week summer series of sporting challenges - with prizes for the wittest and most original entries - we are able to solve motor racing's big problem and then turn our attention to golf.

Last weekend's British Grand Prix proved our point that something must be done to encourage overtaking in Formula One racing. Success came to survivors, those who had avoided engine failure, a broken axle or a punctured tyre. Weekend FT readers have the answers if the sport's organisers have the courage to implement them. Many suggested the introduction of obstacles - what one entrant described as hazards locale. These might include petrol jankers, Mini taxis and a Volvo towing a large caravan. Another reader proposed what could be described as a hazard grand prix: half the field in a clockwise direction and the other half on an anti-clockwise course. Isten again figured in the answers, with one reader suggesting that the last placed driver should copy out

the complete works. However, the winners were:

- Women should drive the four fastest cars - men will be anything to overtake (Bettina Mouldford, Oatland, UK)
- Line the drivers up on the starting grid and make them run the "warm-up" lap in full racing overalls and helmets (Roger Crab, Beaconsfield, UK)
- Allow spectators to dial an electronic code that, for a certain sum, would lower a particular driver's speed for a set period. The money would go to charity (Alex Breach, Farnham, UK)
- Put a double white line down the middle of the track so all have a go then (Ron Howard, Marlborough, UK)
- Create a divided track, forcing drivers to choose one another (Stewart Vaughan, Paris)
- Paint a bus-lane, zebra crossings and school warning the track - it certainly works in north London (Chris Robinson, Waltham Green, UK)

Conditions
This week's competition is open to FT readers aged 16 years and over. Entries must be submitted to one of the above addresses by the deadline date. The winning entries, as selected by a Weekend FT panel, will be published in the FT on Saturday July 26. The winners of the judges' prize and no correspondence will be published. All prizes will be dispatched to winners within 28 days. There is no cash alternative. Copyright in all entries will be Financial Times.



سبکنا من الامل

BOOKS

Alexander's imperial road to greatness

A brilliant new study of the Greek warrior exposes true gifts, finds A.C. Grayling

Alexander the Great's favourite line from his favourite book, Homer's *Iliad*, is about one who is "both a good king and a mighty warrior". He aspired to be that; but he aspired to far more besides. His father, Philip II, King of Macedonia, had done much to carry forward the aim of all Greeks that they might unite and overthrow Persia, but it was the extraordinary combination of imagination and practical genius that drove Alexander beyond that aim to a dream of worldwide empire.

The detail and character of his endeavour is brilliantly portrayed in this account by Nicholas Hammond, Emeritus Professor of Greek at Bristol University, who must know more about Alexander than anyone else living. Alexander's life was short;

he lived a mere 33 years between 356BC and 323BC. Most of his adult life was given to war; at the age of 16 he successfully commanded the Macedonian forces in quashing a rebellion of hill tribes, and a year later led the charge against the Sacred Band of Chaeronea. When his father was assassinated in 336, he was acclaimed king by the army, and captain-general of all the Greeks. Before he could launch himself against Persia he had to assert his authority in Greece itself, which essayed some unwarlike. He did it by the carrot and stick method employed

in all his conquests, in this case assiduously courting Athens while razing Thebes - see for Pindar's house, and its temples.

In the spring of 334, Alexander crossed with his large and highly disciplined forces into Asia. He went in conquest, not merely to punish and plunder. His military genius and ardent determination carried him victoriously into the western margins of India and the southern margins of Central Asia. He left Macedonian garrisons and, where necessary, freshly founded Greek city-states in his wake. He also made allies of local

peoples when possible, and appointed their rulers as his satraps.

The effects of this planting of Greek ways and culture were far-reaching. Everyone

knows of Ptolemaic Egypt and the importance of Egyptian Alexandria in succeeding centuries; few know that when, two centuries after Alexander's death, the Chi-

nese invaded Bactria and Sogdiana, they found "a thousand walled cities" and flourishing commerce. Alexander's conquests were like the bursting of a heavy seed-pod over the centre of the world.

Among Alexander's gifts was great personal courage. He was wounded in combat several times, and suffered the diseases and privations of long campaigns in inhospitable territories. He treated some of his vanquished enemies - and their families - with legendary courtesy. But he also committed frightful atrocities, as in the massacre of the Branchidae, in which he emu-

lated his father's drowning of 3,000 prisoners whom he regarded as blasphemers of Apollo.

In most accounts of Alexander, the brutal treatment of a rebel called Bessus is remembered. When Alexander defeated Bessus's insurrection, the rebel himself was bound naked in a wooden collar and scourged; then his nose and earlobes were sliced off, and he was killed. There were critics of this inhumanity among Alexander's earliest historians, including Arrian. But Hammond leaps to the defence; it was Alexander's policy, he points out, to have

offenders punished by their own people according to their own customs. Bessus was therefore sent back to according to Persian ways.

Hammond's earlier book on Alexander was a scholarly treatment of the competing sources - Plutarch, Arrian, Strabo and others - in which he invited readers to share the task of evaluating their reliability. Here he gives his own definitive view of Alexander and his doings. It is a compelling read, not least in the accounts of Alexander's battles.

Hammond allows himself confident judgments, some

of which will galvanise debate. For example: the philosopher Aristotle was one of Alexander's tutors for a while, and it has long been held that his influence over Alexander was minimal, and that indeed the philosopher deprecated his pupil's later career. Evidence offered for this view is that Aristotle regarded the Greek-style city-state as the perfect form of community, and must therefore have bitterly opposed Alexander's imperial dreams. But as Hammond shows, Alexander in fact agreed with Aristotle, and planted Greek-style cities wherever he saw opportunity.

Hammond admires Alexander, and this is a sympathetic biography. But it is a very good one, and brings an important epoch into brilliant focus.

THE GENIUS OF ALEXANDER THE GREAT
by Nicholas Hammond

Duckworth £35, 220 pages

Master of myths and homegrown fantasies

Nigel Andrews on how Fritz Lang came to be defeated by Hollywood

Look at early pictures of filmmaker Fritz Lang and you would swear he had fallen, almost fully formed, from a George Grosz sketchpad. The gleaming monocle, the mad genius stare, the Prussian hauteur. He could have been a poster boy for the pride, passion and defiance of between-war Berlin. Yet this was the director who, after besting German cinema with *Metropolis*, *Dr Mabius* and *M*, came to Hollywood to be slowly, poignantly defeated.

It was all Adolf Hitler's fault. We know the story: Lang fled the country the very day he was asked by Goebbels to take charge of the Nazi film industry. He sweated through the interview, went home to pack a sponge bag, caught the night train to Paris.

At least he would have done in a Lang film: a Hollywood Lang film. The most enthralling section of Patrick McGilligan's well-researched biography is the dismemberment of this legend, one endlessly recited by Lang, and the substitution of a humbler reality. The filmmaker may never have had that meeting with Goebbels, whose diaries did not record it, and he spent months, we learn, making the final break with Germany. The propaganda minister's only significant mention of the director is a diary note made after seeing *M*: "Fantastic! Against humanitarian soporifics. For the death penalty. Well made. Lang will be our director one day." (With praise like that...)

If Lang fiddled the truth, we are getting used to this in film biographies. Masters of screen fiction take their work home with them: they lie to the world. Since Lang spent his whole early life resisting reality, from a childhood at the mercy of creed-conflicted parents (Jewish mother, Catholic father) to the building of his sensational movie myths about Germany, the obligations of truth must have seemed a kind of enslavement.

As well as filming the Nibelung saga at bank-breaking cost, his *Metropolis* was the most fantastical and influential sci-fi brainstorm in history. (Cross the street today and see its latest scion, *The Fifth Element*.) And even Lang's truth-based murder story *M* - pace colleagues, the actual shortest combination of film title and director's name - was larger than fact, with its poetic wrappings of shadow and *schadenfreude*.

Lang got plenty of dull reality soon enough in America. Hollywood held these truths to be pre-eminence: a director must turn out linear, comprehensible stories, that

make money; he just direct the occasional western even if he was born in Vienna.

McGilligan suggests, perfunctory, that Lang had no real politics. He went with the flow. He left Germany because he feared discovery of his Jewish blood, and he temporised with Hollywood's left-wingers only through peer pressure and to establish anti-Nazi credibility.

Despite a real-winning record in the first world war, Lang was a coward in day life like most of us. He had to pick a career that was going downhill and might have gone faster. He did from *Die Frau im Mond* to *The Sign of the Cross*, from *Metropolis* to *The Ministry of Fear*.

FRITZ LANG: THE NATURE OF THE BEAST
by Patrick McGilligan
p. £20, 335 pages

Fear, devoured by the very Graham Greene who had raved about Lang's art and only American masterpiece, *Fury*.

Fritz Lang had to be "Fritz Lang", tyrant, hero, Nazi-bater, genius to keep any firm footing in Tinseltown at all. Even then, he never found finance for his own script choc-a-bloc with fantasy, paranoia and retro romanticism. He just took what came along with polishing those sustaining, surrogate legends about himself.

A great liar frustrates posterity as well as fooling his contemporaries. Did Lang kill his first wife, mysteriously slain or self-slain after she discovered him in another woman's arms? McGilligan can only weigh the indecisive evidence. Did he leave all, some or none of his wealth in Germany? Again the author pokes in the dark. Despite lying like a relative lord in California, Lang's compulsion to keep turning out films that even he hated suggests a measure of stress, at least in the deep doldrums years of *Human Desire* and *Beyond A Reasonable Doubt*.

Good biographies, though, do not tell in certitudes. No one knows as best word about a life except the liver. The task of biography is to define and wittily map the character, and for every dark area McGilligan finds one to shine light on: notably the long relationship with Lily Latte (part mistress, part companion, part culture) and the amazing parallel story of Thea von Harbou.

Lang's German screenwriter, collaborator and second wife stayed in



From certainty to confusion: Fritz Lang followed a windy road after 'Metropolis'

Berlin to become a favoured Nazi, met humiliation after the war as an Allies-appointed "ruin collector", meted humiliation of her own to Lang by licensing the Hollywood remake of *M* (disastrous) and finally enjoyed a little worship by cinephiles herself. She died after a hip operation caused by a fall, which took place as she was leaving a Berlin Film Festival screening of one of her and Lang's greatest films, *Der Muede Tod*.

Hers was hardly a "weary

death". Yet Lang's, sadly, was. His last notable movie feat was as an actor, playing himself, complete with eye patch and snappish patrician epigrams, in Godard's *Le Mépris*. Starring opposite Brigitte Bardot, he looked like an old dinosaur blind-dated with a thoroughbred filly. Not surprisingly - since only accident, not destiny, could have given him such an absurd swansong - the man who had made all those films about Fate, who had virtually raised it to his

signature theme (partly in envy of his rival Hitchcock's glib moniker as "Master of Suspense") ended by saying that he no longer believed in it at all.

"Everyone makes fate for himself... There is no mysterious something, no God who puts the fate on you. It is you who makes the fate yourself." Lang had completed the long journey from the certainties of greatness to the humble, and bumbling, confusions of common humanity.

Rereadings / Anthony Quinn An ode to life by the pen

Robert Benchley's quip about the freelance writer being one who is paid "per word or per line or perhaps" will provoke a smile - or scowl - of recognition from anyone who has tried to earn a living by the pen. But no novel has dramatised its real misery more acutely or affectingly than George Gissing's *New Grub Street* (1891). The getting of money was always a subject close to this writer's heart.

As D.J. Taylor points out in an excellent introduction to a new Everyman edition of the novel (pbk £6.99), the spiritual and financial emergencies of its central character, Edwin Reardon, offer striking parallels with Gissing's own.

Gissing (1857-1903) knew too well the degrading effects of poverty. A promising academic career had been curtailed when he was imprisoned for theft; he had stolen money to help out a young prostitute, Helen Harrison, whom he later married. His novel-writing during the 1880s was prolific but unremunerative, partly due to his pessimistic tone, partly to the stinginess of his publishers. By the autumn of 1890 he had hit rock-bottom: lonely and impecunious, he wrote to his sister, "Once for all, I say calmly that I abandon all hope of the best thing life has to offer". Yet somehow he managed within two months to distill all his bitterness and frustration into a book he called *New Grub Street*, a tale of love and money set among the shabby genteel of literary London.

The novel traces a simultaneous rise and fall. Reardon is a novelist who has lost all confidence in his work, yet clings to the love of his wife Amy, an ambitious, middle-class girl grieved by her husband's helplessness. "Art must be practised as a trade," she tells him, a sentiment echoed by her friend Jasper Milvain, an enterprising young *littérateur*. Jasper's cheerfully cynical approach to the business of literature is contrasted with Reardon's nervous and faltering integrity, and as the former gets his name about in influential salons, the latter declines into penury and despair.

Reardon's undoing is complete when he parts with Amy and moves himself to lodgings in a sorry, shabby district of north London.

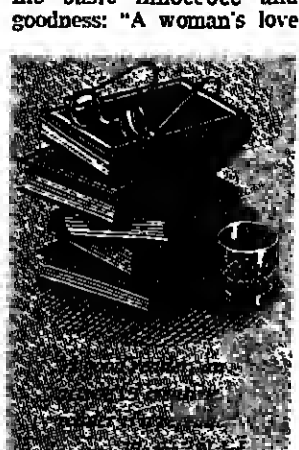
Gissing's portrait of the literary scene, rife with petty jealousies and imagined slights, finds many a resonance in our own decade. Reardon is in some ways the spiritual ancestor of Richard Tull, the failing drudge of Martin Amis's *The Information*. Yet it is more astonishing to see how much of Gissing's own life is reflected in the novel, not only through Reardon and Milvain but in two minor characters whose separate fates the novelist perhaps dreaded above all others.

The first is Alfred Yule, an ageing literary man embittered by his hasty marriage to a gentle but uneducated wife, whose lowly origins he

believes have disqualified him from society. Gissing is very clear-sighted about this divide, and often confessed in letters the impossibility of supporting a middle-class wife - "there is no real hope of my ever marrying anyone of a better kind". This grotesque fatalism reached fulfilment in February 1891: while *New Grub Street* was in production, he married another working-class girl, Edith Underwood, and this was to prove disastrous.

The other character whose significance has been somewhat overlooked is Harold Biffen, an impoverished friend of Reardon's who is writing a realistic and magisterially hopeless novel called "Mr Bailey, Grocer". Gissing draws him very carefully, revealing beneath his lean and hungry look a man of "singular dignity".

Unlike Reardon, Biffen is irrepressibly cheerful in adversity, and in his chaste admiration of Amy one sees his basic innocence and goodness: "A woman's love



was to him the unattainable ideal: already 35 years old, he had no prospect of ever being rich enough to assure himself a daily dinner; marriage was wildly out of the question."

Biffen also turns out to be eerily clairvoyant when he talks to Reardon about "the fatal power of trivial incidents", and the man "who lost the most valuable opportunity of his life because he hadn't a clean shirt to put on". When Amy shrinks from Reardon's shabby appearance on the day of their supposed rapprochement, the reader learns with a shock that she was prepared to take him back had he worn a presentable suit of clothes.

In his single-minded devotion to an ideal, and in the acceptance of his eventual fate, Biffen becomes the inadvertent hero of the novel: he is the man who puts self-sacrifice over compromise, and perhaps represented to Gissing the final release from the unavoidable servitude to money and marriage.

For all his pessimism, Gissing is remarkable for the generosity he extends towards his characters, even Jasper, who after all has supported his two sisters and at the end writes a moving tribute to Reardon's novels. It is that imaginative sympathy which sets *New Grub Street* apart. "There are savage truths in it," as he wrote to his brother - but heartbreaking tenderness, too.

Knowing me, knowing you

Ernesto Spinelli is described as an existential psychotherapist who maintains a private practice in south-east London. In this book, he demonstrates his therapeutic method by presenting eight cases as he remembers them, being careful to preserve confidentiality.

What is "existential psychotherapy" as compared with psychoanalysis or any of the other myriad varieties of therapy at present on offer? Whereas Freud was chiefly preoccupied with the

influence of early childhood upon subsequent development, Spinelli's main concern is with how his clients can truly view themselves in the present. He writes: "The past we remember it, has little to do with cause or determining factors that lie in some way made, or, in fact, as we are today. Rather, the remembered past provides us with means to maintain, or, to give focus and direction to who we might wish to become at some future time."

Spinelli assumes that life is necessarily uncertain, and that people adopt different lifestyles which aim to diminish the anxiety which

is inseparable from our relations with other persons and the world. Most of us do not question the particular way of "being-in-the-world" which we have adopted because we remain unaware of it until some form of distress reveals its inadequacy. Existential therapy is primarily concerned with defining and clarifying the client's "self-construct". "The

self-construct expresses the beliefs, attitudes, values and aspirations that define who we believe ourselves to be."

Spinelli is willing to re-examine his own beliefs and assumptions. One of the rewards of practising psychotherapy is that one gets to know, rather intimately, people with very different assumptions and lifestyles from one's own. Spinelli acknowledges that his clients make him question his own attitudes, and he is unusually honest about the effects which some of his clients have had upon him.

This is what he means by the "Un-Knowing" of his title. The best therapists don't know the answers but, by clarifying present atti-

tudes, help the client to see that such attitudes can be modified, and that new answers to the problems of life can be forthcoming. Jung once defined his own therapeutic aim as getting the client to experiment with his own nature. I feel sure that Spinelli would concur with this approach.

The most interesting of the cases discussed is that of a man conventionally labelled "schizophrenic" who suddenly developed the conviction that he could see beyond social masks and perceive people as they really were (I myself had this experience after being injected with mescaline).

Unfortunately, this led to perception of people led to

the subject doubting the reality of his own identity and that of other people, to the point where life appeared to become meaningless. He became convinced that there was a plot to rob him of his new-found perception of the truth. As Spinelli rightly affirms, when delusional ideas provide a disturbed individual with a new certainty, they are fiercely protected because certainty, like religious faith, is precious to someone whose world has become chaotic.

I found this a challenging, intriguing book. Spinelli writes clearly and provides insights into the human condition not easily found elsewhere. His modesty inclines me to believe that he is a therapist who can be trusted.

Anthony Storr

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BOOKS

A crusader for self-delusion

Justin Wintle sifts through the prolific career of Jack London and finds the master of the blun

The American critic Alfred Kazin said of his compatriot Jack London that he was his period's greatest crusader and most unashamed back. The epithets might easily be transposed. As a spokesman of turn-of-the-century socialism, London was as undaunted in proclaiming his opinions as he was sometimes misguided in them. As a writer who regularly boasted that he only wrote to finance his other interests, he was surely the greatest hack not just of his own, but any age.

London's output was prodigious. As Alex Kershaw reminds us, in a career that spanned 20 novels, 200 short stories and over 400 items of non-fiction, ranging from newspaper articles to book-length essays. Day in, day out London rose early and wrote a minimum 1,000 words – the one abiding discipline in his life. What makes him shine in the firmament, however, is the undisputed quality of his best work, its sheer hard-batteredness.

There was a great deal of dross, so much in fact that no one in their right mind would contemplate publish-



Lasting value: Jack London, the greatest hack?

ing the "Complete Jack London": but there were also real diamonds – *The Call of the Wild*, for instance, or *The Sea Wolf*, or *The People of the Abyss*. Indeed, with the exception of Henry James, in an existence foreshortened by alcohol, morphine and

hurn-out, London published more of lasting value than any of his more fastidious and longer lived contemporaries.

More than any other contemporary, too, London effected the twentieth century transition from

"author" to "writer". Coming from the far side of the literary-social divide, he brought with him not just his steely articulacy, but also the legendarily rough-neck experiences of his adolescence and early manhood.

The poor son of a con man and a lady astrologer, London left school at 14 to work in a cannery. By 20 he had been an oyster pirate, a trans-Pacific sailor, a hobo and a convict. Then, after tutoring himself to gain a place at Berkeley, and dropping out after only four months, he set off for Alaska and the Klondike on the adventure that made his fame. And others followed, notably his ill-starred attempt at circumnavigation in the *Squalor*, accompanied by his second wife Charmian – his ideal "Mate Woman", as he called her.

Despite his imitators, no other writer sports such an action-packed biography. Today it is still mandatory almost for new writers to add something of the "author's blurb". That, too, is a part of the London legacy.

But equally, where London is suspect, it is largely down to his being self-taught, and the accompanying vanity.

Throughout his life he had a tendency to swallow his chosen influences whole. Thus, while he ingested Marx, Nietzsche, Darwin and Herbert Spencer, he never properly digested them. Rather he was prone to throw them up again, didactically on to his own page.

Perhaps his baroque was so ambitious he needed other men's cars to row it. The results though are uncomfortable. Like H.G. Wells,

JACK LONDON: A LIFE
by Alex Kershaw
HarperCollins £20, 335 pages

London embraced eugenics just as he embraced socialism, but without apparently seeing much need to square the one with the other.

The man of the world and champion of the underdog was also a narrow racist, favouring the "Anglo-Saxon race" against all-comers. His understanding of women was similarly disjunctive. He wanted them to be fellow heroes of the future, but had little sensitivity towards them in the present. In his fiction, the female characters invariably fail to convince.

"It does not matter how wrong your philosophy of life may be," London once promulgated, "so long as you have one and use it well." Herein I suspect lies the essence of his personal tragedy. Not only did London have a sterility capacity to delude himself, but somewhere along the line thought that self-delusion showed good form.

Jack London: A Life reassesses the legend without offering sustained cross-examination. Its journalist author acknowledges that London was partly a literary manufacturer, but is largely content to regurgitate his subject's biography very much as London himself conceived it, in his innumerable autobiographical outings. The prose too, is jejune, as London's only rarely is. The apocalyptic remorse experienced by his going alcoholic, memorably defined as "white logic in John Barleycorn, Kersew miscues as 'mandin'".

Elsewhere, redheads are stunning, blondes gorgeous. The narrative moves sparsely enough, however, and Kershaw has already said the film rights to Hollywood, so it would be wrong to insist this book cannot do does not wet the appetite.

More to the Caribbean than beaches

Caryl Phillips finds a literary companion to tempt the tourist

The Caribbean is the region of the world that is most dependent upon that thoroughly fickle twentieth century industry, tourism. Those who travel to its shores do so to "turn off and tune out", unlike travellers who venture to places such as Venice or India. The traditional visitor to the Caribbean does not quarry towards "culture", eagerly exploring museums and historical sites in an attempt to combine relaxation with education. The Caribbean tourist is generally seeking relief from mental stimulation, and in this most literal sense the visitor often regards the region as a place to indulge in mindlessness.

James Ferguson's literary companion to the Caribbean both attacks the idea of the Caribbean being a place in which one is free to be "mindless", and it reinforces a literature. Ferguson's text is full of references to battles and conflicts that have over the years contributed to the Caribbean being known as "Europe's other sea", and he continually reminds us that the hills and valleys of the region are littered with the evidence of a vigorous European history that was played out in this new world of the Americas. He is careful to

eternal death." This is, of course, history, literature and guidebook in one paragraph.

The first writers on the Caribbean were Europeans who "reported" back on the slave trade. They were succeeded by the Victorians such as Charles Kingsley, who analysed "Empire" and its failings. Then came writers who simply travelled "down the islands" in search of "exotica" and in the hope that the islands might amuse them. In the wake of all these visitors, a strong "homegrown" Caribbean literature began to emerge. Ferguson's anthology presents us with the various voices, and setting them side by side not only throws new light on the writing, it illuminates the complex nature of what we understand by the term "Caribbean".

Five centuries ago Columbus "discovered" the region, and the subsequent relationship between those of Europe, those of Africa, and the indigenous peoples – to say nothing of the Chinese, Indian, Syrian and Semitic indentured labourers who "coloured" the region – has resulted in the Caribbean being the busiest crossroads of the modern world.

Whether one examines this history through the prism of the English language and culture, or that of the French, Spanish or Dutch, the result is the same. The Caribbean offers the quintessentially post-modern, multi-racial, multicultural model that Europe and the US is now grappling to come to terms with.

TRAVELLERS' LITERARY COMPANION TO THE CARIBBEAN
by James Ferguson
Penguin Publishing £13.95, 224 pages

identify forts, castles, mansion and plantations which were built in the wake of centuries of European squabbling and self-aggrandisement many of them now preserved and open to the public.

This book is part of a series endorsed by many writers including Margaret Drabble who describes the idea as "the series I have been looking for all my travelling life". Each country is examined in turn, chapter by chapter, beginning with the Bahamas the north and concluding with the Dutch Antilles in the south. Each chapter contains a "fact box" which provides details of area, population, language spoken etc followed by a general history, and a selection of the most evocative prose and poetry produced by the leading writers from each country, plus writing about the country by others.

For instance in the case of Jamaica, not only do we have the lyrics of Bob Marley and the poetry of Lorna Goodison, we also have Noel Coward's witty drive to the would-be Jamaican tourist, and then most memorably, Anthony Trollope's haunting evocation of the Jamaican capital, Spanish Town. "It is like the city of the dead. There are long streets there in which a human inhabitant is ever seen in others a silent Negro woman may be sitting in an open door, or a child playing, solitary, like the King's House as it is called – stands on one side of a square, opposite the house of the Assembly, at the left, as you come out from the Governor's, are to executive offices and those of the Council, and on the right some other public buildings. The place would live some pretension about it if it not seem to be stricken with an

V.S. Naipaul's account of an arrival in Martinique suggests some of the rich complexities of Caribbean life and history, to say nothing of its ironies. "Martinique is France. Arriving from Trinidad, you feel you have crossed not the Caribbean but the English Channel. The policemen are French; the street nameplates in blue-and-white enamel are French; the caf  s are French; the menus are French and are written in a French hand. The landscape, in the south, is not sturdily tropical. Rolling pasture land, worn smooth and unfruitful by cultivation, with dark blobs of scattered trees, and little claws and tongues of land sticking out into the clear sea, suggest a gentler Cornwall."

The most potent way in which a country, region or continent lives is through its literature. Here is a book which introduces the reader to the complex history of the Caribbean, its literature, and the best of the literature about it; it even manages to throw in a few street maps of the larger cities. The glossy, however, is a trifle spurious (after all, we know that *cereza* is Spanish for bear, and that a "cutlass" is a machete). Also, in almost all languages, and in every country, the selected poetry seems weaker than the prose; but these are minor points. This is a first-class anthology of Caribbean literature and one which, although designed for the general reader, is more challenging and useful than many of its competitors which have emerged from the academic world.

Ferguson does not shy away from acknowledging that the literature of the Caribbean is tainted with impure fusions of history. What he manages to convey is that in its very "impurity" lies its strength.



Enjoying the British summer: naturalist and weather forecaster Bill Foggitt predicts the arrival of rain by consulting pine cones – open scales mean dry weather while closed indicate rain. He is featured in "Living National Treasures" (Pavilion Books £40, 142 pages), a celebration of traditional British skills and crafts from Country Life magazine

Demise of old England

Tom Fort finds a nation in the grip of a crisis of self-confidence

The English disease used to be hypocrisy. We were famous for it; as Orwell pointed out, it enabled us to conquer a quarter of the world and hold it by force, while proclaiming our hatred of war and tyranny. We could preach Christian morality to ourselves, and thrust it down the throats of the peoples we held in subjugation, and never shrink from the dirty deeds needed to keep the whole thing afloat.

But now the national self-confidence that nourished that genius for two-facedness has been exploded. As Clive Aslet lays bare in this deft, witty and highly perceptive analysis of the English condition, pride and belief in nationhood have been

annihilated. Even the notion of feeling English seems faintly absurd.

Not that the English capacity for humbug has vanished too – hence, as one of innumerable examples, the way in which the nation gives itself to the hi-weekly lottery frenzy, while uniting in envious hatred of the moneybags who have created it. We are not proud of our lottery; if anything, we are slightly ashamed of what it tells us about ourselves. Indeed, we are proud of precious little any more.

So, when a company steps forward to reveal its profits, we do not applaud it for its

dynamism and give thanks for the contribution those profits will make in keeping our creaking public services going. No, we caper around in transports of righteous indignation yelling our

ANYONE FOR ENGLAND?
by Clive Aslet
Little, Brown, £17.50, 247 pages

disgust at the "fat cats" with their whiskers in the cream.

Aslet records that to many of our parents' generation, "a chief pleasure in going abroad was the opportunity it gave to lament the

fallings of other countries with their backward economies, rubbish by the side of the road, and inability to make tea with properly boiling water".

All those assumptions of superiority have been shot to pieces. Never mind that our rivers are cleaner than in any country in Europe; that in Italy you must pay your income tax in cash at an office, and in England you have it deducted at source; that the scourge of unemployment is at least under control in Britain, whereas elsewhere it is not. The doctrine that they do things "better" in

other countries has thrust down deep roots.

All England's institutions – parliament, the monarchy, the Church, the judiciary – are shot-blasted with ridicule. Tradition is forgotten, or viewed with embarrassment. Our seas are full of sewage, empty of fish. Our countryside is despoiled by developers, toxic with pesticides. Erosion of self-esteem has become a cliff-fall. Margaret Thatcher mouthed about old values while unleashing forces of darkness. Tony Blair will do away with the House of Lords – which does a quiet, cheap, useful job –

because it is "undemocratic"; and with fox hunting, which plays an irreplaceable part in preserving what remains of rural Britain, because it offends the metropolitan conscience.

Clive Aslet edits a magazine called *Country Life*, which has very little to do with life in the countryside, and a great deal to do with nourishing fantasies about living in houses with gables and mullions and having landscaped grounds and parks where thoroughbreds contentedly nibble.

Nevertheless, he is a most acute observer, and an excellently amusing guide to what a cynical, self-doubting, health-obsessed, morally bereft, mannerless lot we have become.

High-level friendship forged in war

How much did the personalities of Churchill and Roosevelt influence history, asks Angus Calder

At the outset of his valuable and entertaining book, Warren Kimball quotes Chief of Imperial General Staff Alan Brooke's description of Churchill "working" with him till nearly 3am, with the gramophone turned on, skipping about the room "with a sandwich in one hand and water-cress in the other". What on earth kept such Great Leaders going?

When Churchill was in his 70s, and Roosevelt in his wheelbarrow, they met in Tehran in 1943. Roosevelt had travelled nearly 9,000 miles, hideously uncomfortable in aircraft, through dangerous skies. Churchill arrived with a cold and a cough and was seriously ill with pneumonia on his way home, convalescing for 2½ weeks in Alarakech. Kimball draws attention constantly to the health and comfort factors in diplomacy.

Meanwhile, Churchill was a

day-long drinker, and Roosevelt smoked cigarettes heavily on top of his paralysis, caused by polio and chronic bleeding haemorrhoids. Yet Kimball thinks that they kept consistently fighting his end. Churchill was determined to preserve a Great Power role for the Empire, which centred on India (and depended on the Indian Army for coherence). FDR was always possessed by the counterdrive to sort the world out for free-market capitalism. They could not disguise their differences. But they did contrive to joke with each other about them and so, in some sense, could be called "friends".

Both men, however, were gifted

actors and wordsmiths capable of feigning friendship. Kimball sees Roosevelt as an arch "seducer", who flew so far to Tehran because he wanted to meet, and

FORGED IN WAR: CHURCHILL, ROOSEVELT AND THE SECOND WORLD WAR
by Warren Kimball
HarperCollins £25, 422 pages

charm. Stalin, Churchill was chronically disingenuous in his efforts to shift the thrust of the joint war effort away from frontal assault on Europe, as happened on D-Day, towards defence of imperial interests in the Medi-

terranean. Like great sportsmen playing on when hamstringing, and octogenarian conductors somehow standing through hour-long symphonies, these unhealthy, old men seem to typify how obsession with power can drive people on far beyond normal limits.

Kimball, editor of three volumes of Churchill-Roosevelt correspondence and author of several books on closely related subjects, has had to acquire the geopolitical vision of his protagonists, for whom an episode in the Don basin or Madagascar might be of relevance to what could happen in Norway or New Guinea.

His narrative most usefully links together worldwide simulta-

neities normally treated well apart. Both FDR and Churchill – the latter, in particular – had an impressive grasp of world geography, one of several reasons why we might call them "great".

Do great men determine history? Images of "Roosevelt" alone seem off the "isolationists" who didn't want America drawn into war while "Churchill" personally kept the Nazis at bay, typify a strip-cartoon notion of history which just cannot be right. So does the idea, much touted in wartime propaganda, that Hitler wanted to make himself World Dictator. But large forces, however crudely, are thus represented.

Around 1900, Churchill's Brit-

ish Empire had been decisively influential far beyond the reds on the map. Today the US exerts even fuller world hegemony. In between, Germany's aid for similar authority – not involving swastikas in Swaziland or jackboots on Java – was half and battered down.

To this result, the US brought far and away the greatest industrial capacity, pouring tanks and aircraft off Fordite assembly lines. The Soviet Union provided the overwhelming numbers of male (and female) soldiers needed to defeat the Germans or the front which mattered most to that the subsequent triumph of Hitler. What did Britain contribute? In Kimball's view, Britain's legacy of bitterness among the won "the first and indispensable British."

victory of the second world war" by refusing to surrender in 1940-41, thus "making it possible for others to win the war".

"If I die," Churchill told his daughter in Marrakech, "don't be worried, the war is won." But if he had died in late 1940...? Any consequent collapse of the will to fight in the British governing class might well have brought the US into the war faster. In global struggle, Germany and Japan were bound to lose – the diplomatic dealings of Churchill and Roosevelt merely inflicted and nuanced that bigger story. But their individual personalities may be said to have determined at least in part, the atmosphere in which we have lived ourselves.

Their "friendship" helped to ensure that the alliance against Hitler was firm and cordial and that the subsequent triumph of US capitalism did not leave a legacy of bitterness among the British.

ARTS

Records / Antony Thorncroft

Putting pop icons in their place

Compared with the Booker Prize, and its leaky, bitchy, judges, and the Turner Prize, with its grim obsession with political correctness, the Mercury Music Prize for the best British pop album of the year is a staid and predictable affair.

For a start the prize money, £25,000, is small change for many of the artists on the shortlist of 10 albums which was announced this week. Second, pop music takes itself so seriously that the judges are at pains to ensure that a reasonable case can be made for most of the albums that made it through to the final, from an entry of over 150. And third, in its six years, the Mercury has already established some unchallengeable traditions: no respect for pop icons, but a nod towards minorities, like jazz, folk and, in particular, "classical".

So last year's albums by Paul McCartney, U2, David Bowie and Pulp were, among other ageing beasts, failed to make the cut, while contemporary classical music is represented twice, by the ill-assorted duo of John Tavener and Mark-Anthony Turnage. Oddly, jazz, currently enjoying a critical

high, is ignored this year, as is folk.

Having been allowed a peep at the prize, the minority albums can be quickly discounted as potential winners. Tavener's *Symphony* (BMG Classics) is a seamless continuation of his life's work, a chaste, spiritual, intense, reworking of the ritual of the Eastern Orthodox Church. There is Russian melancholy in abundance, but, by concentrating on the cello of Stephen Isserlis, Tavener strips away the ceremonial and finds a mystical simplicity.

Turnage's *Your Rockaby* (Decca/Argo) could not be more different. This is in-your-face music, sounds of the streets built around that most urban of all instruments, the saxophone. It gives you a temporary jolt, but soon becomes relentless as jazz phrases fight with orchestral decorum.

The other oddity on the shortlist is *Trailer Park* by Beth Orton (Heavenly), a debut album from a guitar-



Primal Scream: the jokers in the Mercury pack

bound singer-songwriter who upholds the tradition of bedsitter angst, creating songs designed to dissect breaking relationships

rather than celebrate glad confident mornings.

For the rest it is a strong field, representative of the two dominant strands of

British pop at the moment, dance music and the Spice Girls. It would have been perverse not to include *Spice* (Virgin) on the list. Songs like "Wannabe" have entered the national psyche, pop at its purest - melodic, entertaining, well-crafted and human, speaking directly to millions. The Mercury, which puts artistic creativity before marketing success, is one award that will escape the Spice Girls, but future generations will wonder why.

In comparison the other six albums have a depressing similarity - they tend to be gloomy, strident, aggressive and soulless, suggesting that being a pop millionaire is the most depressing job in the land. *Spice* harks back to when pop was fun: hands like Prodigy, Radiohead, Suede and The Chemical Brothers too often seem like charmless nerds, doomed to sad affairs with electronic gadgetry.

Prodigy's *The Fat of the Land* (XL Recordings) will probably end up as bookies favourite, even if the band is a 1990s ripoff of the Sex Pistols down to Keltie, Flint's sneering Rottenesque vocals, and in-your-face aggression. It serves the dual purpose of shocking adults and comforting alienated youth.

It could be run as by *OK Computer* (Parlophone) from Radiohead, a more intellectually pretensions outfit which might have overstepped the mark with this album. Just as by in the 1970s stretched its egoism to snapping point, and sank into the swamp of progressive rock, so Radiohead has mixed bitter-sweet moments alongside stally, redundant static. The lyrics might mean something to singer Thom Yorke, but they read like the chattering of a computer that has overdone on Gertrude Stein.

Yet both these albums suggest some human involvement. In *The Chemical Brothers Dig Your Own Hole* (Virgin), the machine is

totally dominant. This is house music aimed at the body, created with great technical wizardry but with no place for the soul. It packs the dance floors, and makes rhythm the pivot of pop, but it is already knocking against the imaginative boundaries of the remix, in itself a parasitical art form.

That the dance boom is still capable of refinement was proved by Roni Size whose album *New Forms* (Talkin' Loud) was the surprise nomination to the shortlist. Bristol-based Size has spent four years paring down drum'n'bass to a mesmerising simplicity. On the way he borrowed from reggae, funk, hip-hop and backbeat rave, and although short on emotion this album takes the beat further than you might ever imagine.

It is odd that dance should flourish alongside the resurgence of Britpop, which as a retro-movement, reinventing the 1960s, is inevitably guitar based. With the new Oasis album still gestating,

the contender in this area is Suede, a softer, subtler, more romantic band, with echoes of everyone from David Bowie to the Small Faces to Eric Clapton. In *Coming Up* (Nude), Suede flaunt a familiarity with council estates and throw in references to Barking and Streatham, but this is really a superb collection of traditional pop songs, perhaps too safe to catch the judges' ear.

The jokers in the pack are Primal Scream, winners of the first Mercury but hardly a world force since *Vanishing Point* (Creation) is an intriguing race around the houses, a bit of this, a little of that, guitar-led but not short of electronic wizardry. Primal Scream now seem a mature, even sophisticated band, quite prepared to be mellow on "Get Duffy", cool on "Star" and techno on "If they move kill them".

There is no obvious winner. Apologists for the fashionable contenders, Prodigy and Radiohead, might fight themselves to a draw and let in a compromise. The obvious ones, Suede and Primal Scream, are past winners, so Roni Size might be in for a shock. Or the judges could accept the inevitable and choose the Spice Girls on August 28.

Turks advance in cultural celebrations

Martin Hoyle visits the Istanbul Music Festival

What, demand the posters, would Istanbul be without a festival? In its 25th year, the Istanbul Music Festival can count on a generation that has grown up with the idea of an annual cultural jamboree. Festivals rather than festival, in fact classical music is just one of five festivals organised by the Istanbul Foundation for Culture and Arts. There are also separate celebrations of film, theatre, jazz and, in a biennial emulating its more established European models, art.

The three concerts of the BBC Symphony Orchestra and Chorus provided one element of this year's British theme in the music festival (next year: France). Merely one strand in a rich texture, however: this year, Istanbul has heard, among others, the Concertgebouw, Gidon Kremer, Maxim Vengerov, the LaBèques and Muti conducting the Filarmonica della Scala. Opera was represented by Bertoni's *Orfeo*, produced by Pier Luigi Pizzi, with Claudio Scimone conducting the Solisti Veneti.

The British contingent included The Sixteen, the King's Singers, the Allegri and the Gabrieli Consort and Players. All this with a healthy input of young Turkish artists in each imaginatively realised programme as "From Vienna to Istanbul", an evening shared between Turkish art-song and Schubert Lieder.

As can be seen, the Istanbul Festival is in the big league. The public for the BBC SO was educated (there are good record sales in Turkey) and appreciative. If the cliché about looking both ways to Asia and Europe still applies, there is no doubt that international culture is one of the fronts in the Turks' advance on the European Union.

Methi Ferrell, the foundation's general director, says Turkey has a highly trained and educated younger generation and is already a fruitful field for foreign investment. There is also the conviction that a stable Turkey could have a positive political effect on its eastern neighbours.

The new government has sparked a feeling of cautious optimism that political interference in the arts may be a thing of the past. The municipality of Istanbul may be fundamentalist but the cultural authorities are adopting a tolerant, *laissez-faire* attitude towards culture, in the best Ottoman tradition. Perhaps too much so: both locally and nationally, the arts survive principally by sponsorship.

Official support is mainly in kind: 100 billboards from the municipality, the concert venues free from the Ministry of Culture - no less than its duty, as Esra Nilgün Mirze points out. Director of the foundation's press and PR, she delightedly enumerates the festival's "firsts" in Turkey - the first stadium concert, phone res-

The church's brick walls absorbed echo while giving back a warm acoustic

ervation system, square postage stamps, lottery link-up.

The foundation is a mixture of Arts Council, British Council and heritage ministry (the actual ministry allows them to get on with it, with a subsidy that occasionally soars to 12 per cent). Eighty per cent of the festival is funded by sponsorship which can take several forms: press and TV advertising is free (Mirze estimates the value of the media coverage totals \$21m); corporate support for the five festivals overall; for an individual festival (the stock exchange funds the film festival); and each separate programme can be sponsored.

Thus Powergen, a supporter of the Walton Trust's educational programme in Europe, feasted with Beethoven in Istanbul. The Westdeutsche Landesbank found itself improbably sponsoring Vaughan Williams and Britten's "Sinfonia da Requiem" besides Brahms. And for Britain's artistic contribution, the British Council

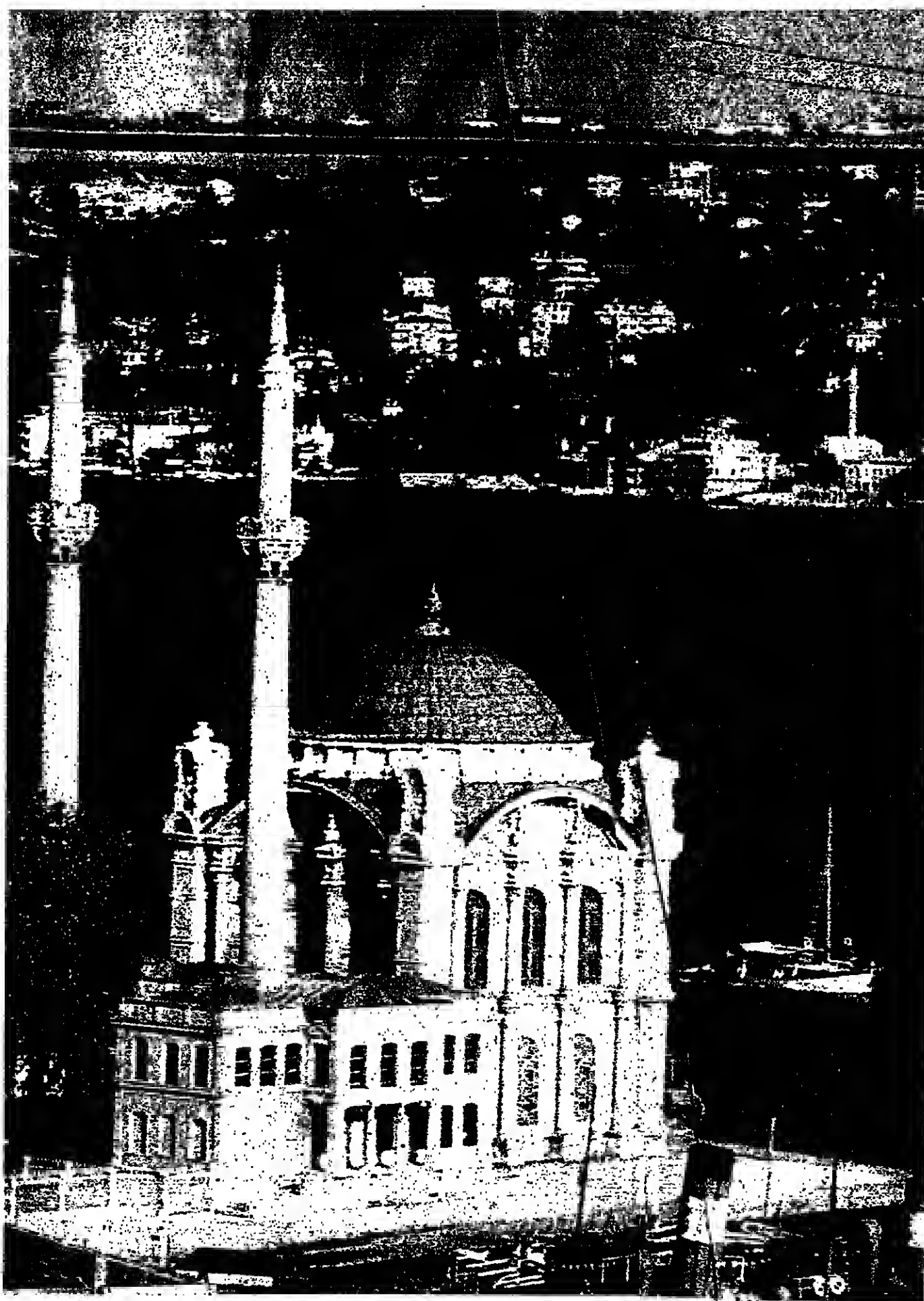
remains an essential element.

The BBC SO concerts, conducted by that adoptive Briton (musically speaking) Leonard Slatkin, took place in a beautiful Byzantine church in Topkapı Park, whose brick walls, stripped of marble over the centuries, absorbed echo while giving back a wonderfully warm acoustic. The resident pigeon vented disapproval in a way that even the rudest critics abstain from, on a blameless second violin and the conductor's cuff.

The chief novelties for a local audience were Elgar's *Dream of Gerontius* and Walton's *Belshazzar's Feast*, both huge successes. Slatkin's gift for almost operatic extremes paid off with Elgar (exquisite delicacy and rip-roaring demons), though at least one string passage sounded like Copland about to launch into a sinewy chorale. The elegant American tenor John Aler flanked Jean Rigby (beautifully soft-grained in the more lyrical Ruckert Lieder the next night) and Alan Ople, another dramatic performer whose almost operatic projection was exciting in *Belshazzar*. A mingling of faiths was vividly underlined as the baritone solo was joined by the amplified muezzin call to prayer from the minaret of the nearby Blue Mosque. The audience remained; and gave Walton a standing ovation.

At the last concert the pigeon and a friend flapped quickly to their places in the cupola as Vaughan Williams's lark began its ascent. As the last ethereal notes died away, a white feather floated down like a benison. The startling that joined his military life impressions to Brahms' Second was soon drowned by the pomp and circumstance of the encore.

In a week that had begun with the handover of Hong Kong, it was ironic to hear "Land of Hope and Glory" in the heart of what had been an imperial capital for both Byzantine and Ottoman. But these later imperial echoes - in Slatkin's briskly unsentimental reading - in bare ruin'd choirs made their own consoling comment on lost empires: the music and the birds remain.



Music in Istanbul: a muezzin call to prayer from a nearby mosque accompanied the baritone solo in 'Belshazzar's Feast'

Brawling and exhilarating 'Ragtime'

Brendan Lemon, in Los Angeles, finds novelty and extravaganza a good mix in a new musical outing

Garth Drabinsky, the mahatma of North American musical theatre, has a fear of intimacy. His Broadway revival of Leonard Bernstein's *Candide*, directed by Hal Prince, is oversized by half: a circus on steroids. His recent version of the 1927 *Showboat* also grossly pumped up a masterpiece. *Ragtime*, which recently opened in Los Angeles, is equally vast in conception. But its effect is more satisfying, more exhilarating even, than the producer's other 1990s extravaganzas, because *Ragtime* has novelty on its side.

Like its source material, the 1976 novel by E.R. Doctorow that it turned into the 1981 movie directed by Miles Forman, *Ragtime* inserts real-life historical figures

such as Emma Goldman, Harry Houdini and Booker T. Washington, into fictional lives: a poor immigrant newly arrived in New York; a black piano-player; and a wealthy white family from suburban New Rochelle.

In the opening number, the white family takes the stage dressed in elegant summer finery, as if in preparation for an American Ascot. They recall that, for them, "there were no Negroes" and "there were no immigrants", even as their pristine tableau is up-ended by a horde of African Americans and a clutch of eastern European newcomers disembarking at Ellis Island.

Clearly, this will be no painter-perfect Sunday scene as deconstructed by, say, Stephen Sondheim. This is a brawling, messy narrative,

with ties to the American musical's early days as a widely popular art (Irving Berlin, Rodgers and Hart) as well as to its later involvement with social concerns (Bernstein).

Ragtime itself, of course, is the supremely infectious popular music from early this century. The score by Stephen Flaherty blends this genre with other American forms, from gospel (a stirring anthem called "Till We Reach That Day") to minimalism ("Journey On"). The composer may be forgiven for resorting to a few too many soaring crescendos, give the breadth of the musical's scope.

That breadth, which is also a feature of Doctorow's original, nearly dialogue-free novel, would seem resistant to the economy required by

musical adaptation, but the show's book by Terrence McNally, Lynn Ahrens's lyrics and Frank Galati's direction all provide dexterous solutions to this problem. Just when the musical's emotional tone - anger at the injustice inherent in the American Dream - threatens to swamp the details of its narrative, its creators pull back to a quiet scene which restores the balance.

That said, there are still some problems with one of the show's three main stories, which may or may not be addressed before *Ragtime* moves to New York this winter. The tale of the Jewish immigrant, Tateh (John Rubinstein), and his daughter (Danielle Wiener), is underdrawn. Matters are improved only slightly when Tateh meets up with Mother, the

matriarch of the New Rochelle family, who is too starchy played by Marcia Mitzman Gaven. However, when Mother finds a black baby in her garden and takes in the child and his mother, Sarah (the radiant singer LaChanze), the musical's most affecting story begins. In Mother's parlour, the child's orphaned father, a musician named Coalhouse Walker, comes each Sunday to try to recapture Sarah.

As Walker, Bria Stokes Mitchell gives a sparkling performance. His first act number "New Myth", in which he wins Sarah over, is an exquisite moment: so good, in fact, that the musical continues with scenes of High African Pageantry - from vestiges of historic social unit to

cooing at the Shubert Theatre, Los Angeles.

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SPORT

Sporting Profile

Ageing enfant terrible tries to tack towards calmer waters

Keith Wheatley finds Chris Law, the celebrated British sailor, slightly more serene but as hungry as ever for Admiral's and America's Cup success

Impulsive. Obsessive. These are some of the good things people say about Chris Law. For two decades this sometimes infuriating, hugely talented British sailor has been on the bow-wave of the sport. He will be this country's senior skipper when the Champagne Mumm Admiral's Cup begins at Cowes next week.

His performance at the helm of the biggest of the three-boats team, Corun Indulgence, will be pivotal for the host country's chance of winning offshore sailing's world championship. Law was drafted in just a month or so ago to lift a struggling campaign. Insiders say he has already turned it around.

What makes Law fascinating is that at 45, when most sportsmen begin to slow down, lose their single-minded drive among the accoutrements of family, home and possessions, this blond maestro has whittled his life down to kitbag, passport and mobile phone.

After four Olympic campaigns and four America's Cups he is as hungry for the next regatta and start line as any teenager. In between, Law has lived a rollercoaster life encompassing enough triumphs and disasters for the average village, never mind one individual.

Victories on deck have been accompanied by divorce, breakdown and near penury - as well as business success and an unbreakable devotion to his two grown-up daughters. He looks back on an adult life travelled almost in reverse direction to most people's.

"I married very young and had children almost immediately," Law reflected from his current base in Lynnhington, on the Solent. "I started working life as an accountant but went into computers to pay the school

fees." Before he was 30, Law had all the trappings of success, the Porsche, country home in Hampshire and a senior executive role with Olivetti - and a frenetic schedule trying to live a parallel life as a world-class sailor.

When he was chosen, 11 years ago, to be the helmsman of Britain's America's Cup challenger White Crusader, Law seemed to be the man with the world at his feet. However, he was not content simply to race yachts in the sparkling seas off Fremantle, Western Australia. He was anxious to keep his links with business and the corporate world, as if world-class sport wasn't enough.

"A decade ago there was hardly such a thing as professional sailors. We

This blond maestro has whittled his life down to kitbag, passport and mobile phone

were regarded as not much more than boat-bums," said Harold Cudmore, arguably one of the first full-time pros and then skipper of White Crusader. "Chris was terribly uncomfortable about this lack of status, about being outside the establishment."

His father, now dead, was a senior officer in the Royal Navy and an icon for Law. At Millfield school he excelled at various sports and could probably have played international rugby if sailing hadn't attracted his attention.

As he began to sail Olympic classes in the late

1970s and early 1980s, it was apparent that this was a young man with huge natural talent but an almost innate gift for finding himself in difficult situations where conflict and misunderstandings occurred.

"In personal terms, Law was enormously flawed when he was younger. So demanding and unwilling to compromise with anyone - but he was a great sailor," said one contemporary who still regards him with guarded affection. "He's matured so much but still has the capacity to be his own worst enemy."

On the water he could be as mercurial and loud-mouthed as the young McIlmroe. Yet he is also a gifted teacher and coach, calm and encouraging with his pupils.

Mike Slade, chairman of the London Property company Helical Bar has employed Law as his guru, mentor and friend as he has learned to helm his maxi-yacht Longobarda amongst world class competition.

"He's so encouraging and patient," said Slade. "We spent most of last weekend out on the Solent practicing time and distance starts. Boring for him but invaluable for me. Most rock-star sailors just grab the wheel. Chris is never like that."

Slade remembers that when Longobarda competed in the Sydney-Hobart race a year or two ago, once the yacht reached Tasmania most of the crew headed for the bars but Law spent his afternoons coaching British youngsters at the nearby Cadet dinghy world championships.

"I never knew him in the days when he was prone to fits and tantrums, behaving like a spoilt child, so the story goes, so he sometimes means to me about the way that image sticks to him," added Slade. "He's more



Chris Law signals to his crew during a race in the 'mini America's Cup' versus New Zealand

Adrian Murrell/Alamy

relaxed now than I've ever seen him. Chris's little bursts of frustration have turned into a joke on the boat. When he stamps his foot, the whole crew stamp in time with him."

Gentlemanly and pushing rules to the limit have always been part of of big-time sailing, with his quasi-judicial protest rooms and appeals to the jury. Law has tended to react to any approach to cheating or bad sportsmanship like a vampire to garlic.

In the 1985 America's Cup his Australian residency qualified him to helm the yacht entered by veteran

Sydney owner and helmsman Syd Fischer. It could have been a huge opportunity for the British sailor but there was a dispute with Fischer over questionable tactics.

Law deliberately threw a crucial race rather than win with a question mark over him. Fischer sacked him very publicly, with the scorn with which only frustrated Australians are capable and another bridge was burned.

It was the attempt by millionaire sailor Peter De Savary (another close and loyal friend) to mount a 1988 America's Cup challenge that pushed Law over the

edge. He was to be the front-line management and the sailing talent.

"Sailors are very susceptible to the hype and adrenalin that surrounds big time yachting," he reflected later. "I had a stress breakdown caused by trying to run a Cup team at the same time as becoming divorced in the most painful way. You wouldn't believe how much physical pain can grow out of mental suffering. I've been places on the psychological map that I didn't know existed."

But he says self-pity was cured by a spell as a volunteer, at De Savary's

insistence, on a children's cancer ward.

Despite the daunting personal history connected to it, the America's Cup is once more at the centre of Law's personal agenda. He is determined to froot a British campaign to challenge successfully for the Auld Mug at a regatta to be held in Auckland during 2000. In April he took a crew to New Zealand for an invitation event. Despite lack of experience in the big 80ft international America's Cup class, Law's meo swept the board among the challengers and impressed the Kiwi holders

considerably. Ominously, there is a simmering financial dispute between Law and the Royal Dorset Yacht Club who are the official entry for the next Cup. McIlmroe friends are sharpening their quills and there are friends who see danger signs.

He remains relaxed and says he will do nothing to jeopardise Britain's chances of winning back the trophy it lost in 1981. "I'm free, unencumbered and will go anywhere to bring this about," said Law as he headed for the gym. "It's my hunger in life. My yearning."

Cricket

Close encounters can be catching

The wily craft of close fielding is surely akin to psychological terrorism, writes Teresa McLean

Paul Sheahan, Australia's splendid covers fielder of the 1960s, once said that "catching is only half the story, the other half is gathering and throwing." A real covers remark.

Most specialist fielders reckon their position involves a main helping of one particular skill, against a noble background of the other two skills.

If covers fielders do mind equally about all their skills, they often pride themselves on their throwing above all else, because that can have such dramatic results, with gathering counted as a necessary part of it.

In England's unexpected clean sweep of the Texaco one-day games against Australia, the Oval match saw no less than four Australian batsmen run out, Robert Croft and Phillip De Freitas removing the openers with direct hits on the stumps.

Although Nasser Hussain did not play in the one-day games, he showed in the Tests what a fine covers fielder he can be, lithe and fast. At short cover, he is an unsettling presence for any batsman.

At Edgbaston, Alan Ballham in the first innings, then Hussain in the second caught Michael Bevan off the shoulder of his bat, defending himself against a short, fast ball. When the bowling is lively, a close fielder on the off side can exert a psychological pressure on Bevan in the manner that is much favoured in the wily repertoire of the close practitioner.

The last time the Australians were here in 1993, David Boon made something of a speciality of fielding at short leg, where his over-hanging threat, little more than a yard from the batsman, was



Shane Warne traps England's John Crawley during the third Test at Old Trafford earlier this month

Adrian Murrell/Alamy

the taking of a catch. It was only if he missed the catch that he had to gather and throw; any running involved would have been an insult to his image. But then Boon was a close fielder.

"They do not always manage to take their catches but their presence often intimidates batsmen. Whether or not sledging is part of the process in Anglo-Australian cricket is comparatively unimportant.

Much more important is the implied partnership between bowler and close fielder, designed to induce a shot into the fielder's hands - possibly an uncertain prod at spin bowling, possibly a defensive touch at pace bowling, possibly the planned beginning of a cover drive. It does not matter. Though onlookers find it hard to

believe, the arrival of a close fielder can make the batsman as nervous as that self-same pair of unprotected hands.

Brian Close, Yorkshire and England captain of the 1960s and 60s and a psychological terrorist on the field of play, explained the process perfectly: "I have only to perch myself at short leg and just stare at some of 'em to get 'em out. They fiddle about and look away and then they look back to see if I'm still staring at 'em."

"I am. They don't stay long."

Anyone who watched England's batsmen shrivel into failure at the hand of Shane Warne at Old Trafford in the last Test will have noticed that howling pressure increased in tandem with close fielding pressure on both sides of the wicket, so that by the end of

the innings the English batsmen were surrounded by predators.

Mark Waugh is an expert at "reflex positions": slips, cover point, short cover; but most of them were good all-round fielders who were brought in closer round the batsman as the innings collapsed. It is almost as if the positions rather than their occupiers were the centres of strength.

The pivot of all the Australian fielding was Ian Healy, the wicket-keeper, who stood out at Old Trafford as Warne's partner in his destruction of his victims. He harassed, caught, stumped; he almost picked the ball off the bat.

It is true that his position behind the stumps was guaranteed within the game, even if he made a less distinguished job of it; he would not have been unpeddled or put out

in the open field. Wicketkeeping is a fixed speciality amid fields that are always open to adjustments by the captain.

Wicketkeepers apart, this summer's series has not so far produced any outstanding specialist fielders. Instead, it has produced some passages of excellent fielding by both sides, which have raised team morale and improved team performance.

On the morale front, England's lamentable session in the field at Lord's, when one dropped catch led to another, either in the outfield or close to the wicket, reflected the team's sinking spirits with bleak clarity.

If England have not got many specialist fielders, we must have fielders of overall high quality. Retired folk watching present-day cricket matches sometimes point out that in their day, bowlers and batsmen tried each other's jobs in the nets, to help them learn to "read" each other's stances and grips. I asked one of these gents recently if fielders too had ever taken a turn at either of these jobs, but he laughed and said fielding in his day was a humbler and "less flashy" occupation than it is nowadays.

Nevertheless, 30 years ago, Bobby Simpson, mentor of Sheahan the covers fielder and a great figure in the Australian slips, where he revelled in taking catches flying too fast to see, always rated anticipation as the key to good fielding, whatever distance from the bat.

He has always been able to spare a sadistic chuckle for the fielder, whose task is to master fielding, bowling and batting, no less, if he wishes to do his best. If one cannot be a specialist, one must at least be a star.

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How to Spend It



Fashion

To boldly go into the next millennium

David Downton sketches the Paris scene and Avril Groom puts it into words

The faces of those in the front row and the clothes they wore at the Paris haute couture shows said it all: Hollywood wives Kate Winslet and Rita Wilson in vintage-looking bias cut, megastar Demi Moore in a simple black Galliano alpdress and ruffled cardigan, Princess Pavlos, née Marie-Chantal Miller, in easy-fitting soft green Chanel, the crop-haired Princess Rosario Saxe-Coburg in a plain black vest, American financier's wife Nan Kempner, twice as old and twice as thin as any of them, is a couture perennial who always looks of the moment. Ivana Trump, in an acid yellow power suit, was the only throwback.

There is unquestionably both a new mood and a new client, a combination that may well see off Pierre Bergé's warnings of an industry defunct by the millennium. As Yves St Laurent's partner, he is probably eating his words - Yves' pure and sumptuous evening wear was some of his best received in years.

The mood, like the clients, is younger, less formal but as rich as ever. The French couture establishment may have squealed when Bernard Arnault of LVMH installed John Galliano and Alexander McQueen at two of his marques, Dior and Given-

chy, but it is this odd couple who have revitalised the interest and other designers are following.

The boys are making the most of their new toys, reveling in being able to use the traditional skills of a couture atelier and the world's best headers and embroiderers.

McQueen's collection for Givenchy veered from the Highlands of Scotland to China and Catholic Spain but majored on an 18th century frock-coat shape, the perfect vehicle for both McQueen's tailoring skills and rich embellishment. Galliano is an old hand at extravaganzas and his *fin de siècle* world tour for Dior was so haunting, romantic and beautiful that even the impossible-to-wear show-stoppers will doubtless be worn, for the sheer fun of it. The Brits have hardly had it all their own way, and other shows produced the heart-stopping high spots of which only couture is capable. Christian Lacroix's exuberant art fabrics - brilliant rough-woven tweed or hand-painted *devoré* velvet - were encrusted with textured lace, in effortless-looking puffed, swirled and delicate lingerie styles.

Jean-Paul Gaultier transported us to the steppes of Hungary, with swirling, fur-trimmed coats, bold black lace and hussar braid, giving romance to his impeccable tailoring. His move into couture has encouraged other non-traditional designers such as Adeline Andre and ex-Balenciaga Josephus Melchior Thimister who, both in their own ways, pursue a fine, delicate minimalism, to show small special-order collections.

St Laurent provided the most dramatic moment, opening his show with a full length sable coat (fur-farming is big couture news) prowling the catwalk on the panther-like African model Katoucha, who emerged from retirement to be the designer's muse for the sea-

son. His evening wear, inspired by Tudor painters and rich with jewelled black velvet, fur edgings and brilliant draped satin, exuded calm modernity after all the costume drama.

In a week of black-clad brides, Oscar de la Renta's rose-strewn wedding dress in dusky autumn colours for Pierre Balmain was as fresh a vision as his gamine pin-stripe tailoring and fur-trimmed antique Pauleys.

Others probed less certainly into modernity. In what has sadly turned out to be his last couture collection - and couture was always his most personal fashion statement - Versace's Space Age shoulder extensions and wickedly whittled leather looked forced, though the toga-dresses in "liquid" chainmail reminded us of just how innovative Versace could sometimes be.

Valentino put all the energy of his marvellous workrooms into embroidery and brocades that replicated animal skins but, in metallic finishes and body-hugging shapes, teetered on the tarty. Ungaro's lace trims and draped wraps have a light touch but the late 1990s seem to have passed them by.

Then there is the enigma of Karl Lagerfeld at Chanel. In a show of many beautiful but sombre, stormy things, there were strange ironic references to other designers - Yamamoto's quirky tailoring, Calvin Klein's minimal asymmetry, Helmut Lang's bands of sheer and stretch, even a tattered New Age version of Galliano's Belle Epoque, with dreadlocked fringe and shredded net, feathers and lace among wild tresses. The effect was of a sportsman who has difficulty figuring out his opponent's game and tries every shot in the book. But never underestimate Lagerfeld. Next season it could be his show which reduces those famous faces to tears of ecstasy.

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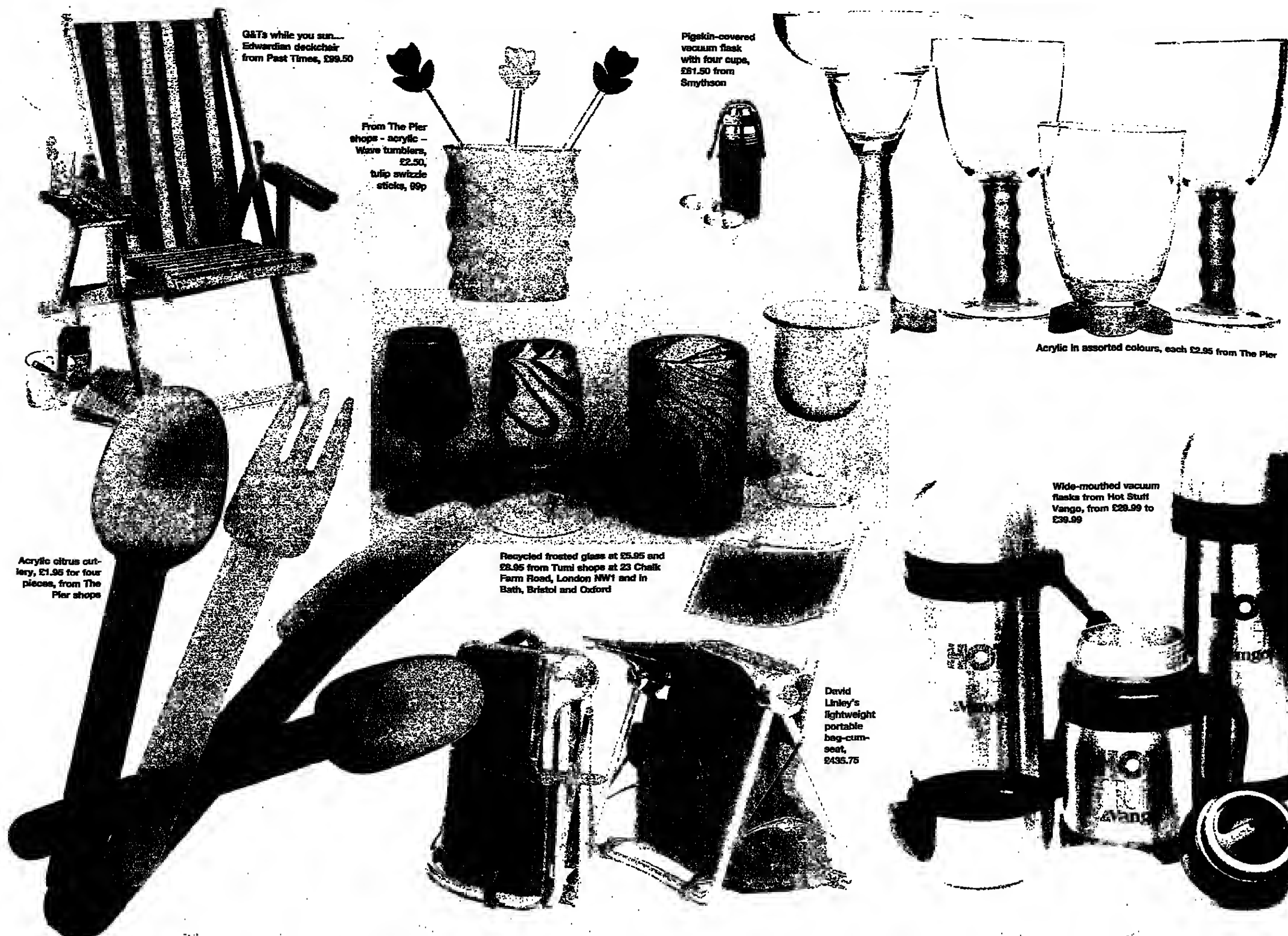
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HOW TO SPEND IT



Don't be hampered by the weather

Picnics are a tradition for the British. Lucia van der Post finds help is at hand for those determined to eat outdoors

This appears to be one of the summers when the pashmina shawl, the water-proof rug and thermal underwear are what the true supporter of British summer rituals requires rather than the diaphanous little bits of whimsy which most of the fashion designers have proffered this season. Magazines are filled with pictures of parasols to shield us from the sun, sunscreen creams to preserve our skins and hot-weather kit to keep us cool. Chance would be a fine thing.

Many of summer's events still lie ahead - Henley, Wimbledon and Royal Ascot are over but there's polo at Cowdray Park and Smith's Lawn Windsor, cricket at Lords, Diamond Day at Ascot, racing at Goodwood, sailing at Cowes, family picnics and outings still to be enjoyed. As I write, the skies look gloomy and rain is forecast. Those determined never to let the weather interfere with their pleasures need to plan ahead.

The picnic is, of course, the centrepiece of many a British summer occasion. According to the *Oxford Dictionary* this is simply "a meal taken out of doors" but as we well know from experience there are picnics and picnics.

There are soggy sandwiches and droopy salads and then there are the sort that Water Rat supplied - cold tongue, cold ham, cold beef - pickled gherkins, salad, french rolls, scress and sandwiches, potted meat - ginger beer, lemonade, sodawater - that sent Mole into such ecstasies that he had to cry "stop!"

Picnics don't need to be grand - Elizabeth David, the great food writer, could bring tears of nostalgia to the eyes by describing the exquisite simplicity of a picnic with perfect cheese, rough bread, flavoured tomatoes, ripe peaches and a tiny bit of really dark chocolate - but they do need to involve a journey, even if just from the kitchen to an apple-tree at the end of the

garden, and journeying means some equipment is essential.

The most visually pleasing of picnic hampers are the simple willow ones and for those for whom the aesthetics are at least as important as the practicalities there are now huge ranges to choose from.

Optima of Water Lane, Storrington, West Sussex RH20 3DW (tel: 01903 744111), whose products can be found in House of Fraser, John Lewis and other department stores, has developed a series of products designed to help the picnicker, whether hardy or sybaritic, and the attendant of outdoor sporting events.

It sells wicker hampers of every shape and size - from empty baskets you fill yourself, to ones kitted out with stamined glasses, china plates, stainless steel cutlery, woollen rugs and vacuum flasks. For those who cannot bear to leave their pooch behind, there's a picnic basket for the family dog (called the Bassett, I knew you'd want to know) and for those to whom aesthetics matter less than practicality, there are the infinitely easier to carry cool-bags. For a four-person fitted picnic basket, prices start at £100 and go up to about £300 for the most luxurious, the Belmoral.

For watching sporting events the umbrella-cum-shooting stick seems invaluable - you can sit in comfort in the sturdy pigskin seat when it's dry, and when it rains you turn the stick upside down and open it into an umbrella. Find it at Harrods for £99.95. Simple tripod stools, with beech frames and either leather or canvas seats with leather trim, start at £35. The other essential prop for the British picnic, the waterproof-backed rug, starts at £39.95.

For grander picnics where labels matter, Asprey of 165-169 New Bond Street, London W1 does some smart tartan rugs with leather straps for easier carrying. Prices are around £120.

David Linley's portable bag-cum-outdoor seat, the Bantam, is one of the smartest props for outdoor life - take it fishing, to the races, use it to carry paints, photographic equipment, bird books or even extra clothing. Made from aluminium tubing, tough nylon and leather it weighs 4.5kg and can be easily carried in one hand. At £435.75 for the least expensive version it isn't cheap but it is sturdy enough to outlive its owner. Available from David Linley Furniture, 60 Piccadilly Road, London SW1 8LP.

For those who can bear to forgo the traditional appeal of the willow hamper in favour of something less charming but more practical, a British company called Westfield has come up with

Picnics involve a journey - if only from the kitchen to the garden

a cross between a hamper and a case. It is carried rather like a suitcase with each of the four plates (bone china, of course) lying flat and face upwards.

The idea is that food can be prepared and laid out on the plates in advance, thus cutting out the need for cartons or containers to carry the food. There is space for two wine or champagne bottles as well as glasses and the front of the case opens downwards to form a tray. The glasses are crystal and the cutlery silver-plated. Available at £225 directly from Westfield, Freeport NW9 5BZ, Preston, PR3 2XX (tel: 01773 864440).

Vacuum flasks are essential to the British picnic - Stanley make some of the sturdiest (should you have plans to drop one from an aeroplane it will, say its makers, withstand the impact) but for those who

fancy a little bit of form as well as well as function, Smythson (40 New Bond Street, London W1Y 0DE or mail order tel 0171 629 8563) does a splendid version bound in pigskin leather with four cups for £61.50.

Fancier still is Hermes' version: silver-plated with a silver top and bottom, covered in wicker with tan leather handle. £385 from Hermes, 179 Sloane Street, London SW1 and 155 New Bond Street, London W1.

If the day seems to call for thick, warming soups and stews, then a wide-mouthed flask is practical - "Hot Stuff from Vango" flasks come in unbreakable stainless steel and have a lifetime guarantee. The food flask comes in three sizes, (0.7 litres, 1.2 litres and 1.5 litres) and costs £29.99, £34.99 and £39.99 respectively. Find them in most leading outdoor shops but for a specific stockist ring 01475 744 122.

These days new plastics are all the rage and almost every shop has wide selections in any number of eye-searing colours. For an inexpensive selection, The Pier is worth checking out - glasses for almost every conceivable drink come in wonderful colours and at quite astonishingly low prices (£2.95 each). Team them with The Pier's brilliantly coloured cutlery and you can let it all rattle away merrily in the back of the car without worrying. The Pier has 15 shops (in London at 91-95 King's Road, Chelsea and 200 Tottenham Court Road, London W1) but it also has a full-colour mail order brochure (tel: 0171 814 5004).

Finally, if the sun ever does shine and you feel like a little gentle R & R, Past Times does a solid beech rendition of an Edwardian deckchair (they knew how to take their R & R seriously) with a good sturdy side table to slot into the arms to hold the essential G & T (or glass of Chardonnay if you prefer). A single chair is £99.50 but two can be had for £189. To order, telephone 01993 770440.

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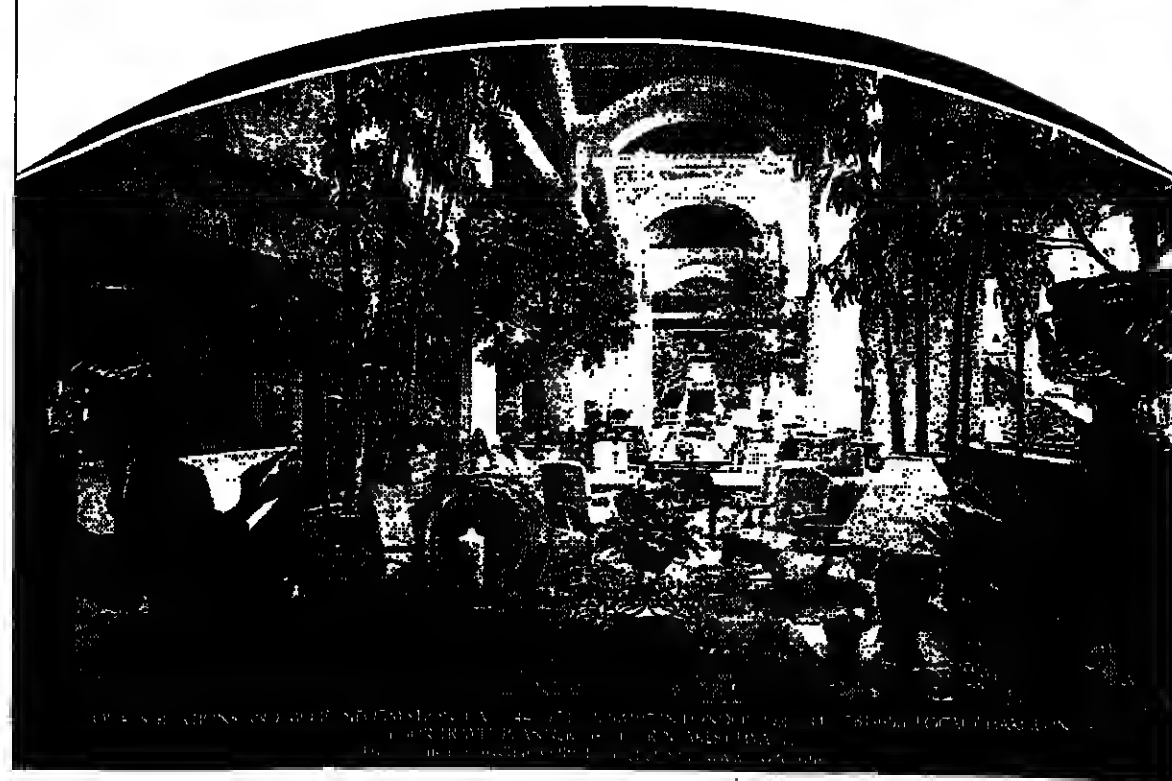
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□ EASY RIDERS: Hire a hog with Destination USA - fly-drive routes along Route 66 (you'll see Amarillo...) or the Californian coast use not cars but Harley Davidson. Wild One wannabes should call +44 0171-253 2000. All together now: "Born to be wild..."

□ TOME OF THE OPERA: Opera Lover's Guide to Europe takes you round the great houses: Covent Garden, La Scala, L'Opéra and more, with maps, history, composer biographies and gossip; written by Carol Plantamura, £12.99 from Robson Books (+44 0171-323 1223).

□ WOMEN'S WORLD: Women are more adventurous than men, and make up 58 per cent of travellers on its trips, says Explore Worldwide.

□ SWISS ON ROLL: Staring is up 33 per cent against the Swiss franc in the past year, and the place is empty; so now is the time to go. Try a fly-drive from £210 - return flights and a week's car hire - from Major Travel, +44 0171-485 7017.

□ SLEEPER: As the train thundered through the darkening countryside, Holmes studied Thomas Cook's new Guide to European Night Trains. £7.95 from bookshops. "We'll catch up with Moriarty at the Reichenbach Falls, Watson," he said...

□ UNICEF Change for Good scheme, collecting unwanted foreign coins from British Airways passengers, has raised £4m in three years.

□ HIT THE HAY: Save fossil fuels - take a horse-drawn caravan holiday in the Brecon Beacons with Acorn Activities (+44 01432-830083). There are four berths, and a tank for overflows; you stay the night at farms for £5. Cost: £475 a week for up to six; maps and hay included.

□ CAMEL HUNT: Wild Bactrian camels, unique to the Gobi desert, may now number only 300. Discovery Initiatives is mounting an expedition next month to find and record them; you can join in, travelling by camel, horse and Jeep, at £2,895 for 21 days. Call +44 0171-229 9881.

□ FISH FULFILMENT: The new Hotel Monaco in Seattle provides guests with fax machines, voice mail, CD player, valet parking... and, on request, a goldfish, with a name, a bowl and some fish food. Call +44 (800) 945-2240.

□ GOLD SPOT: Tourist numbers to Antarctica in 1995-96 reached 9,000, double the 1990-91 figure; most were on cruise ships. Seal and penguin colonies, historic explorers' huts and scenery are the big draws. Worried about the effect on the environment, New Zealand has published rules for visitors but agrees they cannot be made binding in a continent where 12 countries have territorial claims.

□ MOOR IS LESS: Self-cater in what Helpful Holidays claims is the most remote inhabited house on Dartmoor, 18th-century Stannon Farmhouse; from £242 a week. Agal Two Inglenooks! Details on +44 01647-433593.

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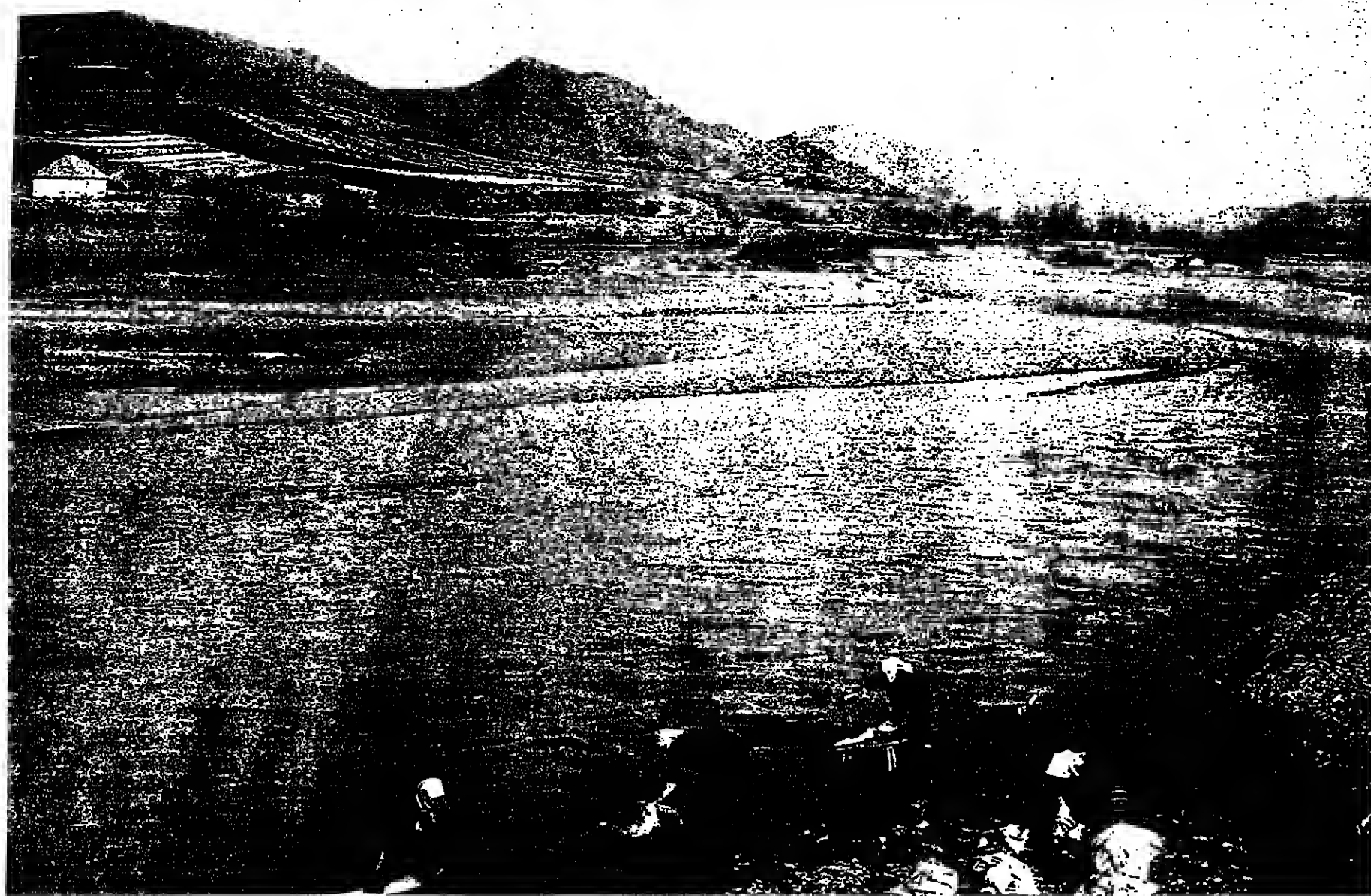
□ CIGAR SMOKERS have two bedrooms set aside for them in London's Athenaeum Hotel; call +44 0171-499 3464.

□ OKTOBERFEST in Munich starts on September 20; Moswin's Germany offers short breaks on +44 0116-271 9922.

□ VIETNAM by cycle, train, boat, elephant... and air-conditioned car, with Kumuker +44 0171-937 8855.

□ ROBBERY is a serious risk at Polish rail stations and on trains, says the UK Foreign Office.

John Westbrooke



A paradise of uninhabited valleys, uncultivated forests and tiny villages: women wash clothes in the River Tisa in the Maramureş

Martine Franck/Viva

Where Rome feared to tread

The Maramureş may well be part of Transylvania, writes Caroline Juler, but it is still a place apart

Tucked away behind an impenetrable barrier of mountains in north-west Romania, the Maramureş is a place apart. It is a virtual island, surrounded by jagged Carpathian peaks on three sides and by the River Tisa on the fourth, and its people have preserved a way of life that is more reminiscent of the 1930s than the 1990s.

Crossing over into the Maramureş from the high passes to south and east, you feel you are entering a separate country, something the Moroseni, as Maramureş inhabitants are known, would heartily endorse. They are typical mountain folk - vigorous, bawdy and clannish, intolerant of fools but generous to a fault. They pride themselves on their pure lineage from the Dacians, the late Iron Age people who lived in Romania before the Romans invaded. The Romans didn't waste time in trying to enslave the Moroseni and bought salt from them instead.

The Maramureş is a paradise of uninhabited valleys, uncultivated forests and tiny villages where the houses are mostly made of wood. Its churches are wooden too. Dating mostly from the 18th and 19th centuries they are

extraordinary, with soaring, needle-thin spires and shingled roofs which sweep almost to the ground on either side of high ridges like the wings of huge birds. The villagers cherish these buildings; you can tell this as soon as you walk inside from the warmth and liveliness of the decoration. They are special because they are still the focus of village life and have not yet become museum pieces.

My first experience of Maramureş came after a nerve-shattering bus ride over the Gutâi pass from Baia Mare, an industrial city whose name, appropriately, means Big Mine. When I arrived in the village of Desesti I was greeted with frank but polite curiosity by a group of women in white blouses and short, full skirts who were chatting by the roadside. Each one, stocky and ruddy cheeked, was wearing a head scarf and shouldered a large wooden rake or a scythe or balanced a large wicker basket jauntily on her hip.

Further down the dung-speckled road, a herd of water buffalo lolloped grudgingly along to evening milking and every so often a rubber-tyred cart laden with wood or hay went past pulled by a team of horses, each

one sporting a smart, red tassel on its bridle.

The tassels are supposedly there to protect the animals from the evil eye but more probably they are a fashion accessory; horses are a great status symbol here because hardly anyone has a tractor. Buffalo and oxen, which also work as draught beasts, come further down the social scale and don't merit tassels.

Its people preserve a way of life that is more reminiscent of the 1930s than the 1990s

Desesti is about 25 miles from Baia Mare, but like all the small villages strung along the Iza and Mara valleys, it is light years away from "mainland" Transylvania in terms of lifestyle and culture. My contact, Parasca, had only heard of me the day before (we had a mutual friend in Transylvania), but when we spoke

over a crackling phone, she told me with typical Moroseni élan that she was expecting me as soon as I could get there.

After getting out of the rickety bus I called her from the local exchange. It was a scene out of Dr Finlay's Casebook, eastern European-style: the exchange was a 1930s plug-in affair, and householders lucky enough to have a phone had to go through the operator.

I waited, virtually mute thanks to my few, halting words of Romanian, until Parasca bounced in. She beamed at me and in her near-perfect French said, "The whole village is buzzing with the news: an Englishman has arrived in Desesti!" My jeans and short hair were obviously not de rigueur for females.

Practically everyone wears their traditional costumes for work in the Maramureş: men wear white shirts, sheepskin waistcoats and black trousers, while the women wear the headscarves and knee-length, full-bodied floral skirts which had surprised me on my arrival.

On special occasions the men don absurdly small straw hats which have embroidered ribbons around

the rims, and the women wear their double woollen aprons (one at the front and one at the back like a wrap-around), patterned with broad black-and-red or black-and-orange stripes.

In spring and summer the alpine meadows above Desesti are thick with flowers and herbs: gentians, dark red pinks, willow daisies, purple-and-yellow "sister-and-brother", thyme, myrtle bushes and mulberries.

We went mushroom hunting there at dawn. On the way up the rutted cart tracks we stopped to greet the local juica (brandy) maker and warm our hands at his gleaming copper still. We passed magnificent wooden farmyard gates, 15 and 20 feet tall. They were decorated with symbolic carvings that originated in the Neolithic period, and served as badges of honour for the *nemesi*, the Maramureş' medieval aristocracy. I was told that practically every family had once belonged to the *nemesi*.

Higher still, above the orchards and open fields with little rectangular stands of corn and maize and amazing haystacks like huge inverted lollipops, we gazed out over romantically mist-covered mountains

rolling away like waves far to the north, beyond the border where the Romanian Maramureş meets its Ukrainian counterpart.

Two-thirds of the historic Maramureş lie within Ukraine, but although Romanian is still spoken there, the churches and most of the traditional customs have gone. Dumitru Iuga, poet and director of the Centre for Popular Crafts and Folklore in Baia Mare, will tell you that the Maramureş is the birthplace of European culture. Go and find out what you think, before Maramureş is truly lost.

For details about accommodation in traditional Moroseni farmhouses, contact Victoria Berbecaru at 637 Botiza, Jud. Maramureş, Romania, tel Botiza 7 or Georgeta Iuga at the Central Creşiei Populare Maramureş, Piaţa Libertăţii 13, PO Box 26, 4800 Baia Mare, tel 004062411560.

Georgeta is an ethno-archaeologist who can organise tours and provide information about local crafts. Alternatively for accommodation try Antrec, PO Box 22-259, Bucharest, tel/fax 00401 2225322 or tel 2224462 or 2225327. Blue Guide Romania by Caroline Juler is due to be published by A&C Black next year.

The Hotel Infante de Sagres in the city of Oporto has, among other civilised amenities, a delightful old lift. It is equipped with that rare thing, an elegant, upholstered bench. Not long ago I found myself firmly ensconced upon it, pleasantly rising and falling past floor after floor with no particular destination in mind.

For one thing, Oporto is a hilly, up-and-down sort of place, and after hours of energetic wandering I found it rather a comfort to find myself mobile without having to move a single, weary muscle. For another, the lift was snug and comfortable, an ideal spot for quiet reflection. And I needed to reflect. I had lost my bearings.

Most cities, no matter how complex, have a dominant signature note, an overall ambience created by history, geography or climate, by architecture, human temperament or professional activity. Cities can be industrially gritty and hardworking, studious and academic, penny-pinching and mercantile, bawdy and pleasure-seeking, theocratic and heaven-seeking. They can be forward or backward looking, introverted or extraverted, cold-shouldered or welcoming.

The trouble was that I had wholly failed to get any such handle on Oporto. I felt as lost as I ever had in modern western Europe. Oporto, somehow, was noticeably out of time and place, but in its peculiarity I could discern no unifying theme.

What I needed, I decided, was the height to see things more clearly. And not just the height provided by the

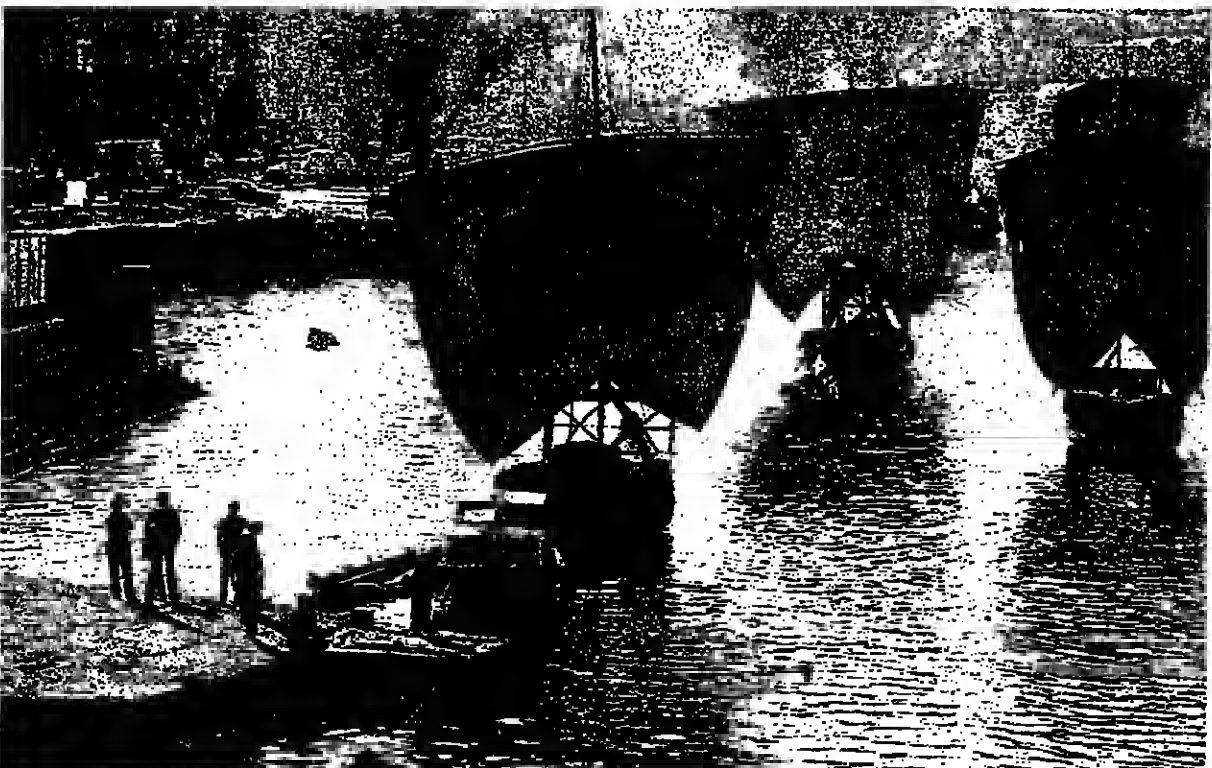
Descent into the heart of a river city

Step by downward step, Nicholas Woodsworth peels away the layers of Oporto's mysterious past

Infante de Sagres lift, either. Reluctantly surrendering it, I made way out through the lobby, into the street, and over to the Torre dos Clerigos, the tallest church tower in Portugal.

Some 225 puffing steps later, all of Oporto lay at my feet. From here I could see the Atlantic Ocean and a vast, constantly changing maritime sky. There were parks and piazzas with intricate sidewalk mosaics in black and white cobblestones. There were ornate public buildings, and monuments and statues to unfamiliar heroes. There were densely packed red-tiled roofs, poor and decrepit in a third-world kind of way, on the sloping hillsides. And rising above them on every hand, massive and stone-carved reminders of what could only have been a glorious age, were the bellies and pinnacles of dozens of churches.

But what stood out most in this landscape, what dominated the entire city, was the green-grey, snaky Douro River that flowed to the sea at the bottom of the city's steep slopes. Everything - hills, roads, buildings, the entire city - seemed to converge upon it. Perhaps down there I would find something that made sense of this bewildering place. And so, step by step, I began my drop down to the Douro. As descents go, I found it even grander than that provided by the Infante de Sagres lift,



The River Douro at Oporto: 'everything - hills, roads, buildings, the entire city - seemed to converge upon it'

Magnan

for it travels down every age this old and richly diverse city has lived through.

Take for example, the service station that sat on the Praça de Lencastre below my hotel. Most cities can boast a bit of art-deco ornamentation. But in Oporto, where the clock stopped ticking somewhere in the 1930s, art-deco is about as modern as any building gets. Lying around unselfconscious and

unremarked are not only gorgeous art-deco cafes such as the nearby Majestic or Brasileira, but art-deco hotels, restaurants, cinemas and even service stations.

But that was only the beginning. The further I headed down towards the river, the closer I approached the mysteries of Oporto's past. What about the old British telephone boxes and red pillar boxes

that sit on the sidewalks below the Praça da Liberdade? Or the Feltria Inglesa, the "English factory", one of numerous Oporto buildings that in Palladian style reproduce the neo-classical buildings of 18th century England? The pseudo possession of the Passeio Alegre gardens are not, in fact, its gardens, but its British public conveniences, elaborate ceramic

urinals imported from England. What brought such incongruous things here. And what, I wondered, brought the vast wealth that built Oporto's magnificent baroque churches? In the Church of San Francisco, still nearer the water, my jaw dropped at the extent and detail of the rococo gilded wood-carving that dripped from altars, walls, pillars and ceilings.

Oporto is as remarkable for its human presence as for its monuments and period architecture. Down the stairways and steep cobbled alleys below the Sé I plunged towards the water. In few other cities in Europe have such poor, dishevelled and atmospheric quarters remained so long untouched by urban renovation. There was rusty corrugated iron,

strange, dank odours, children apilling from low, cramped quarters to play in narrow streets. But there were touches of southern sensuality - vines growing on whitewashed walls, pots of bright geraniums, sad strains of *fado* floating through open windows. And so, at last, I reached the old quays on the Douro and found the element that makes Oporto so uniquely Oporto - the river itself.

The very name of the city is an obvious clue. It was the river that in Roman times encouraged the growth of two trading towns on opposite banks, Portus and Cale - eventually giving the whole country its name. It was the river that that saw Prince Henry the Navigator, a native of the city, sending off Oporto caravels to discover new worlds of great wealth. It was the river, too - or at least its banks - that in return gave the world port wine and firmly established both its commercial reputation and English merchants in the city.

Oporto leads to the river, and the river leads inland to further mysteries, many of them alluringly vinous. On the quay before me I spied the Vistadouro, a cruise boat that would head upstream next morning. I would take it. But first I had a journey to make under my own steam. I knew, and began trudging up Oporto's steep hillsides.

Nicholas Woodsworth flew to Oporto with TAP, tel 0171 828 0262. His stay there was organised by Spanish and Portuguese holiday specialists Mundi Color, 276 Vauxhall Bridge Road, London SW1V 1BE, tel 0171 834 5752.

TRAVEL

Bold echoes of Washington's first post

The Mayflower mentality is thriving in Virginia in the first town to bear the first president's name, writes Clare Frankel

The 70-mile drive southwest from (Big) Washington, DC to (Little) Washington, Virginia, takes a scant 90 minutes through some of the loveliest country in America. Rolling farmland makes it as ideal for apple orchards as for fox-hunting. This is famous Civil War territory, with signs pointing to the battlefields of Bull Run (Manassas), now a national park.

George Washington did not sleep here, as claimed by more towns than he had nights, but in July 1749, as a newly licensed 17-year-old surveyor, he divided Washington, Virginia, then an Indian trading post, into 51 lots: five parallel north-south streets and two running east-west. Yours for the asking if you built within 20 years.

The first of 28 towns in America to be named after the first president, this hamlet became a bustling frontier town in the 18th and 19th centuries with stage-coach routes coursing through it.

Today, it is a gentle, modest village of 189 people (including the 16 in jail) slumbering in the shadows of the Blue Ridge Mountains, delighted to be bypassed by the highway to nearby Sky-Line Drive and the Luray Caverns.

Original log houses covered with stucco have survived, along with pre-Civil War slave quarters and the old school house. It is little changed with its original street names and, of course, no traffic lights - there are none in Rappahannock county.

Not surprisingly, a number of the townsfolk live in the houses they were born in. Ruby and Mary Jenkins on Main Street have made a marvelous contribution to Little Washington just across the street. "Miss Ruby", in particular, has made the First Washington Museum, the county's only museum, her life project - and that means 90 years of collecting...

She says it's a childhood

hobby out of control but she has made this showplace, once a tavern owned by her father, into a three-part walk-through history: an 18th century kitchen (pots, pans, turkey feathers, hand-woven tablecloths, handwritten cookbooks dated 1832 - dandelion wine and Republican cake, for example); a one-room school with desks carved with initials, glass inkwells for eight to 20 pupils and a 19th century report card on 18 subjects, among them rhetoric and orthography; a third room filled with town and county history, including ball gowns worn by residents to various presidential balls since 1867.

This is a gentle, modest village of 189 people (including the 16 in jail)

and a large portrait of George Washington.

It is a real hands-on museum where you can touch the articles so lovingly collected.

Peter Kramer is creating museum pieces of the future. Personnel manager for Radio Free Europe, he lived in New York City but had always wanted to make furniture and began doing so while there. Seeking less confusion and a more relaxed style, he found a farm near Little Washington in 1970 and fell in love with the town. "Aluminium siding companies and fake stone guys never made it here; not enough money for them," he says gratefully. "If I'd had the money, I could've bought the whole town." As it was, he bought seven properties and in one of them began producing one-off fine wood pieces, all hand-made to order, placing samples of his cabinet-making in the showroom.

Kramer does not just talk about joinery methods or hand-rubbed varnish finishes. He demonstrates "the emotions of the colour combinations" which go into his reinterpretation of traditional furniture - chests, breakfronts, tables, the lot. "Making furniture is my occupation, but more than that it is my art form," he says and his reputation is appropriately extensive.

Nearby is jeweller Chris Goodine's shop. From New Hampshire, Chris moved to Virginia in 1976 and 10 years later to Little Washington. While living on the coast of Maine, his distinctive "wave-line" design began developing. It was not a conscious decision, but something he calls a combination of calculation and coincidence producing a seamless, sometimes-complicated movement in silver and gold links.

We talk about tourism. He says: "People who 'discover' small communities can kill them. I live mostly on the tourists but the town must be careful not to lose its charm." One of the residents has tacked a sign on her front porch which reads "This is my home. Stay off our porch."

You hear a lot of that kind of talk because the town has a hate-love relationship with its most famous inhabitant (since G. Washington). The Inn at Little Washington opened its elegantly low-key doors 18 years ago and immediately established itself as "America's first and only Five Star, Five Diamond Inn", part of the Relais et Chateaux group. It brings people to its restaurant and 12-room hotel from all over the world, often in a limousine from Washington, DC, or by helicopter, to the annoyance of some of the townspeople. When I asked one of them if the inn had put Little Washington on the map, his response was "I'm not sure we want to be on the map. Our sort of rural way of life is what's appealing."

The so-called "Mayflower" mentality lingers on. But visitors also walk around and buy furniture and jewellery, antiques from the charming, eclectic Rare Finds, art from Middle Street and Wildflower galleries, crafts from the Rush River Gallery and hooks from Cabin Fever. Possibly staying at one of the B&Bs that have opened (in order to eat



The Inn at Little Washington: understated on the outside, flamboyant and dramatic inside

and jewellery, antiques from the charming, eclectic Rare Finds, art from Middle Street and Wildflower galleries, crafts from the Rush River Gallery and hooks from Cabin Fever. Possibly staying at one of the B&Bs that have opened (in order to eat

at the inn), they might visit one of the two theatres and lunch at any of four possible locations. Also, the food and beverage tax collected from the inn is no small item in the town's coffers.

Patrick O'Connell, the inn's brilliant chef/owner

(along with partner Reinhardt Lynch) shrugs. "As Churchill once said, you're never a hero on your own turf." Small town controversies are not unfamiliar to Relais owners and he says inns have tried to be as unobtrusive as possible,

understated on the outside, flamboyant and dramatic inside.

"It's like the whole Moroccan concept of going down a dark alleyway to an unmarked door which looks like the servants' entrance and opening it and finding

riches beyond imagination inside: a courtyard of magnificent couches and 70 or 80 servants bustling about."

And that, in miniature, is what has been created by Juvce Evans, their London designer. Working on the principle that everyone likes to go to the country but not necessarily to camp out, an eccentric Xanadu has been created out of a former petroli station.

The stained-glass ceiling of the two-storey entrance hall, the luxurious contrast of colour and fabric everywhere, the bits of unexpected humour, such as the unceremonious ceramic dog curled under a table, all enshrine the notion of exceptional and unusual delight.

Then, of course, there is the dining room: one of the world's few great restaurants where you can talk without screaming, oo Musak and oo strolling violins, no neighbour so close that we learn when he sold IBM. And no smoking.

White-clothed tables with pink-fringed lamps, faux-marble wainscoting, William Morris wallpaper and brown velvet banquettes provide the perfect ambience. First course selections - there were 11 of them - included a napoleon of potato crisps and Maine lobster with caviar, a slab of foie gras with poached pears and Sauternes jelly, and home-made Rappahannock rabbit sausage with sauerkraut braised in Virginia Riesling on a fig and apple coulis. Sorbets and salads came next.

Then another painful choice of 12 main courses such as "a portabella mushroom pretending to be a filet mignon with a roasted shallot and tomato fondue". Can you believe we managed dessert? "White chocolate mousse in bed between dark silky sheets."

The Inn at Little Washington, Middle and Main Street, PO Box 300, Washington, Virginia 22747. Tel: 1-703-673-3800; fax: 1-703-673-3100. Standard rooms from \$340. Fridays and Saturdays extra.

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Weekend FT

PROPERTY

Conveyancing on a cloud of grief

Robert Liebman is an advocate of thinking the unthinkable

One of the most traumatic of all conveyancing complications is as rare as it is upsetting – the death of the seller after exchange of contracts but before completion. This is a nightmare for every conveyancing solicitor, according to Edward Bliss, a specialist residential conveyancing solicitor with the central London firm of Maples Treasdales.

This worry is greatest for elderly sellers, of course, but young and seemingly healthy sellers also sometimes meet an abrupt and premature end. Also, in legal dealings with the elderly, death is only one of several concerns, and statistically it may not even be the most significant one. If contracts have been exchanged and the seller dies, the seller's representatives must honour the contract.

The speed and smoothness of completion largely depends on whether the seller had a will, and the size and intricacy of the estate. If the seller dies intestate, an administrator will be appointed. This procedure can be fairly rapid, but some delay is inevitable.

According to Bliss, "the difficulty is, if the seller dies, the representatives have to obtain a grant of representation from the probate court, and that takes time, depending on the complexity of the case. If the deceased's estate contains little more than a house and a building society or bank account, then the grant should be produced within a few weeks, but a complex estate involving trusts, overseas investments and other complicated finances can take much longer."

Some buyers may easily accommodate a delay of a few weeks. "However, such a delay can be long enough to cause considerable inconvenience for a buyer in a chain



who has to vacate the house he is selling without being able to immediately move into the new property," says Bliss.

Geoffrey Morris, of solicitors Putmans in Birmingham, notes that delays and other complications involving elderly sellers can be caused other than by the grim reaper. "I've never personally had a client die before completion, and I qualified in 1962."

"Nowadays, people are living longer, and an elderly person may not have mental capacity. Their signature is therefore of no value. They can't transfer the property."

"However, it is very helpful to persuade the elderly seller or their family to have an enduring power of attorney. This power of attorney will not survive the death of the seller, but it will survive the loss of mental capacity."

A horrific incident in which death yielded to mental incapacity is recalled by Harvey Williams, national housing spokesman for the Royal Institute of Chartered Surveyors. "After a sale had been orally agreed but contracts had not yet been

exchanged, the vendor died. The beneficiary was the vendor's mother, and she was adjudged to be incapable of making rational decisions."

"The matter went to court, and eventually the court agreed to the sale, but it dragged on for an extra four months. The chain was held up, and although the buyer didn't incur significant additional costs, the frustration was enormous."

Seller and buyer alike may want to protect themselves against the unthinkable, even though such tragic instances are rare. Bliss says that "if I am worried about a client staying the course, I advise my client to issue an enduring power of attorney in favour of someone giving the ability to complete the sale regardless of what happens, save for the death of the seller. The buyer's solicitor can similarly inquire if the seller has signed over such a power of attorney and, if not, would they do so."

Other possible solutions can be explored, although in such a delicate realm of human and legal affairs, it is not surprising that simple

remedies are elusive. Bliss recalls that, in a sale involving the property of an already deceased individual, he was able to arrange a tenancy agreement "to tide over a first-time buyer who wanted to get into the property sooner rather than later. A tenancy agreement is certainly the kind of thing I'd be looking into, but it is not perfect."

"Most importantly, the personal representatives don't have legal title until the grant of representation is obtained, and they don't have the technical right to grant the tenancy. One could try to contractually allow the buyer to go into occupation on a short-term basis, but the seller might not find it acceptable."

Recently a cohabiting unmarried couple decided to separate, and they amicably agreed that he would keep their property and she would be released from the mortgage debt. But he was killed in an accident before the formalities had been completed, and because the mortgage was insured, she received the entire property outright, free of mortgage.

His parents were upset that she retained sole ownership, but there was nothing they could do about it. They could not even determine what his intentions would have been just before he died.

The days of the long chain are returning. Demographic trends indicate rising proportions of elderly people. Motor vehicle accidents continue to account for large numbers of unexpected deaths.

When property is concerned, the whole panoply of legal arrangements – tenancy and ownership agreements, powers of attorney, wills and the like – needs to be considered, regardless of age or current mental or physical condition.

As a company that makes its living building homes in the south-east of England, Sunley Estates would appear to have much to gain from encouraging the campaign to create 4.4m new homes in the UK in the next 20 years. So why is it lining up with the opposition?

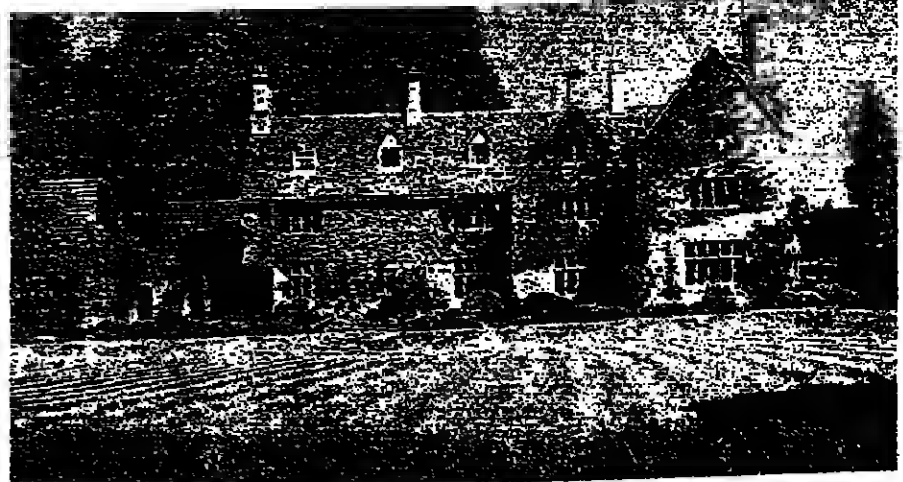
Richard Tice, a Sunley Group director, has serious doubts about the assumptions underpinning the 4.4m figure and the industry's capacity to meet it. There is a risk of covering the countryside with unwanted homes and of downgraded values. Far from being a builder's dream, it could be a nightmare, he says.

Tice was responding to the front page feature in Weekend FT's June property supplement, which questioned the need for such a housebuilding spree, particularly on greenfield sites. He argues that there is little doubt, given the right stimulus, that developers could meet all the demand for new homes on urban sites.

He suggests taxing or banning greenfield development entirely. "The government must have the courage of its convictions and set a tough policy, then leave it up to the market to find a way to deal with it."

He also questions the assumption that 80 per cent of all the 4.4m new households created will consist of one person living alone. "Why is the Sunley Group's experience over the last five years similar to that of most developers, in that demand for the smaller one and two bedroom flats and houses has, in fact, been weakest?" he asks. "Furthermore, in the south-east it is noticeable that more young, unmarried people are buying houses jointly with friends, perhaps due to job insecurity or difficulty in raising a mortgage."

If demand were rising so fast, builders would be rushing to buy up every available site, Tice points out. But they are not. "Look at Milton Keynes," he says. "It is a very successful micro economy, full of development sites which nobody wants to buy. Outside the south-east, which is the



Idyll for rent: The Mill House in the Cotswolds

On the Move

Builder queries need for a spree

Anne Spackman on doubts over homes demand



Fyvie Castle's east wing, to be let through the National Trust

area of hottest demand, many housebuilders say the market is still struggling.

Idyllic settings

Idylls for rent are always in short supply. Two have recently come on to the market.

edy Drew in Oxfordshire (01608-810355) is asking £3,000 a month.

Less accessible but equally splendid is the east wing of Fyvie Castle, 26 miles north of Aberdeen. The wing consists mainly of a four-storey tower, with three reception rooms and five bedrooms, decorated with antique furnishings.

It is to let on the instructions of the National Trust for Scotland through Strutt and Parker in Renfrew (01330 824988). The agent is looking for a rental in the region of £1,500 a month and a tenancy lasting two years plus.

Lofty vastness

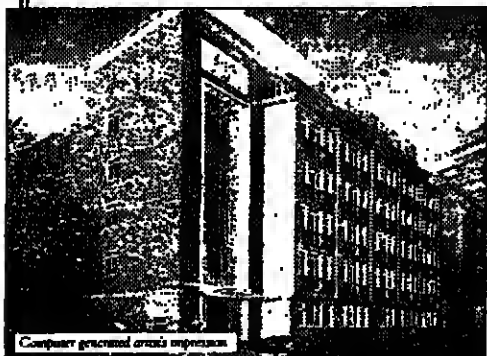
The founder of the Pret à Manger chain of sandwich shops is selling his vast 7,000 sq ft loft-style property at Bridge Lane in Battersea. Both the master bedroom suite and the main reception area are more than 60ft long, with cottolemporary lighting and fixtures. There are six further bedrooms and off-street parking for seven cars. Aylesford in Chelsea (0171-351 2383) is asking £1.65m for the freehold.

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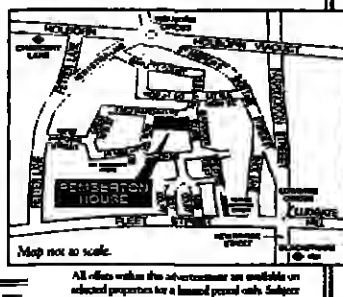
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OUTDOORS



Bearded wonders: the 'noticeably scented' Croftway Lemon...



...and the old favourite, Starshine, with its rich yellow flowers

Photograph: A-Z Botanical Collection

Gardening

How to succeed with irises

Few gardens have space for an entire border. Robin Lane Fox suggests ones and twos as a focal point

The kindest summer for seven years is producing some surprising effects. I am not alone in enjoying a second show of flower on climbing roses. Bigger bushes are repeating in a curious manner with full crops on the likes of Rosa Golden Wings and Nevada, a sight never associated with mid-July.

Somewhat, the rain must take the credit and it has certainly made the soil delightfully workable. This weekend, one of the best places to apply your efforts is on your border irises. They are best divided and moved between mid-July and early August if you want a reasonable show of flower next May.

The recent explosion of colour magazines on gardening has done wonders for the bigger irises' popularity. Photographers only take pictures of plants when they are at their peak, leaving the rest of the year to your imagination. Iris borders and sheets of iris in Provence are wonderfully

photogenic. Like oriental poppies, the big irises are high on beginners' shopping lists because of these images in their minds.

Those glorious pictures, of course, are only part of the story. After flowering, irises contribute nothing, except a safe haven for weeds. Few gardens have the space or labour for an entire border of these beauties and few of us would keep them flowering freely among the rough grass of our orchards.

The photographers have reminded me of colours on offer, but I have taken to using them in ones and twos as focal points in plantings where they will not obtrude later in the season. A few irises, well dispersed, go a long way if you choose well and grow them sensibly.

The two reasons why most irises flower poorly in borders are deep planting and lack of food on poor soils. Big border irises have a chunky central rhizome which must sit on the surface of the earth like a saddle on a horse's back.

The soft roots then go downwards and tether it to

the ground. The great mistake is to bury the rhizome itself or to tilt it downwards so that the tip is under the soil. It needs to be exposed to full sun and the recent dry summers have suited it perfectly if it is properly saddled and placed.

This weekend, you can dig up border irises which are wrongly placed or flowering

The rhizome must sit on the earth's surface like a saddle on a horse's back

poorly. The central core of the clump can be cut away and the outer edges can be divided into separate fans, each with their own set of leaves. These outer pieces can be replanted to grow into strong plants for next May. When you replant, you should not imitate bad practice of older, professional gardeners.

It is quite wrong to cut back the green leaves of an iris and to leave a short fan for the sake of tidiness. This practice is still seen and widely followed by nurserymen who send irises by post. Dying, brown leaves can be pulled away, but green ones should never be cut off.

Irises like a hot, lime soil and will be all the better for the application of lime or crushed lime mortar if you live on soil which is neutral or suited to azaleas. They prefer good drainage to clay, but they are not so good on light, poor or sandy soil.

Wherever you plant them, they are better for a good dressing of bone meal, forked into the ground on which they stand. If they are flowering sparsely, despite full sun, they need a further dressing of phosphates, most readily given by spraying them with Phostrogen from late April onwards.

The leafy, small-flowered varieties grouped under iris sibirica have their fans and will certainly grow and flower on soils which are quite dry.

But for my money, the

conventional big bearded varieties are the winners and my recent attempts at upgrading leave me with a clear personal choice among all the varieties. My best selection came from Scotts of Merriott, Somerset, but other suppliers can be traced via *The Plant Finder*.

The star turn is an iris of remarkable vigour called Deep Black, shading into purple but deserving its name. Three years ago, we ordered it with the large lemon yellow St Crispin, apricot-pink Paradise Pink, pale Bronze Bird, and the best of all the light blues, Jane Phillips.

These varieties proved to be outstanding with the addition of the huge rich yellow flowers of the old favourite, Starshine, and the charming combination of white and violet-purple in the floriferous Wabash.

Everyone will have extras to add to this list, but I am happy to throw in the rich brown Smart Girl and the noticeably scented Croftway Lemon and leave it at that. The huge array of large-flowered varieties includes

many which flower less freely and do not dissuade me from my basic choice.

Last, what about the weeds? If you lift your clumps of iris and use them individually as focal points, the inevitable weeds among rhizomes are not overwhelming. When you replant you can weed at the same time. However, there are good growers who use a trick which I am not brave enough to try myself.

In early spring, as the young leaves appear, they spray round and between the rhizomes with a diluted solution of Simazine, readily available to amateurs under brand-names like Weedex. They insist that the Simazine does not damage the rhizome if it touches it and that it persists as a protective film from April onwards reducing the weeds which otherwise seed into the middle of the clump. Try it quietly on an outlying patch of a variety which is well represented elsewhere and you ought to find that one of the major nuisances in growing border irises is tamed for the rest of the season.

Bird-watching

A fledgling occupation

Bird reserves are trying to become child-friendly, says Hilary de Boerr

It might make twitchers twitchy but Britain's bird reserves are upgrading their habitats to attract a rather rare species - the lesser-spotted fledgling homo sapiens.

Until recently, bird reserves have seemed rather a no-go area for children - adults in green anoraks creeping about, peering through binoculars and whispering in bird code.

Now pushchair-friendly trails, nappy changing facilities and tearooms are the order of the day at selected reserves. The Royal Society for the Protection of Birds wants to prove that children and birders are not incompatible.

Pulborough Brooks, a beautiful Arun Valley in Sussex, is a good place to start. Its two-mile circular trail is an achievable length for young children as well as for anyone in charge of the pushchair. Seasonal flora and fauna include butterflies, dragonflies, wild flowers, and brambles as well as the traditional kids' favourites, cows and sheep.

The RSPB bought the 422-acre site in 1989 as abandoned farmland. Their work in re-establishing water meadows means some bird species now visit in their hundreds, sometimes thousands. For example, numbers of the colourful lapwing have reached 17,500 while visits by the teal duck have risen to 2,700 from 44 before RSPB management.

The reserve provides seasonal homes for popular birds like barn owls, green woodpeckers, kingfishers and peregrine falcons.

The country walk is lovely enough that it really does not matter if you fail to spot a bird. Louisa, my two-year-old, was more interested in the-styles. But it can be frustrating for the committed birder with a child in tow. There are enough perils for children in any patch of countryside that it seems unwise to spend too much time with the binoculars.

Children have run into a plant-covered pond at Pulborough Brooks mistaking it for Astroturf. Louisa discovered ditches here and, for the first time, stinging nettles.

Bird hides are usually the best bet for spotting birds - even without binoculars children should be able to see the varieties of ducks, geese and other waterfowl.

Yet bird hides have always seemed the holiest of shrines in the birdwatching world and rather daunting with a child. A guide to use in the Pulborough Brooks hide says "talk and move quietly" - rather tricky when your

toddler is determined to climb out of the viewing window.

Pulborough Brooks does have two open viewing areas with seats, which is a blessing. The RSPB's reserves would benefit from more if it really does want to encourage family visits.

This became especially clear during a recent visit to Minsmere, a popular RSPB reserve on the Suffolk coast. The hides were teeming with adults and their assorted binoculars and telescopes. No one seemed to speak or move, even a few minutes. After a few minutes, and some complaining from Louisa, we left.

Unfortunately there is really no other way to see most of the birds there. High grasses and reeds are great for wildlife but not for three foot high people.

What seems to make the final leg of a walk with children work is the prospect of cake or ice cream. Thank-

Children have run into a plant-covered pond mistaking it for Astroturf

fully the RSPB is introducing tearooms at some of its reserves with good quality food and, finally, drinkable tea.

The outdoor seating area is an added benefit for those, who like me, have spent much of the walk child-watching. At both Pulborough Brooks and Minsmere tearooms I saw more woodland birds in a few minutes than on the walks. Greenfinches, robins, tits and chaffinches visit the bird feeders placed nearby.

If spotting birds really is the aim, there is another way. The RSPB offers supervised events for children so parents can go off alone. At Pulborough Brooks, for example, children as young as five can join "natural history tours" or two hours of pond-dipping into the "weird and wonderful world of underwater wildlife".

Pulborough Brooks nature reserve is open daily from 9am - 9pm (or sunset) except Christmas. Tearoom 9am-4.45pm. Admission for non-RSPB members is £3 adults, £1 children, 25p for a family with up to two adults and four children. Binocular hire £1.50 a day. Tel: 01793 873331. The RSPB considers 20 of its reserves to be family-friendly. For further information contact the RSPB on 01767 690551.

Summer visits

Green fingers in a dry county

Diane Summers finds horticultural inspiration - and good food - in Suffolk

Helmingham Hall, a moated manor house nine miles north of Ipswich, Suffolk, has some stunning double herbaceous borders, miles of immaculate vegetable, and knot patterns made of box, painstakingly clipped into the Tollemache family's ancient crest. This is all achieved with just three full-time gardeners and one part-timer, though it helps that the garden has been continuously cultivated for 500 years.

A tour of the gardens formed the gentle climax of a recent weekend for gardening enthusiasts, organised by Suffolk's Adnams Hotels.

The breaks include accommodation and dinner on Friday and Saturday nights at the Swan Hotel, Southwold, plus visits to four local gardens and a nursery. You don't have to be a gardening expert: a stay at the Swan, in the square of the pretty seaside town, is a treat anyway. Southwold, with its light-house, greens, beach huts and book shops, has an innocent, 1950s appeal. The authorised snooping around other people's gardens is a bonus.

The gardens were viewed on Saturday in ascending order of size. The first, at Yoxford, a village about 30 minutes' drive from South-

wold, belongs to Mark Rumery, the retired chief garden designer for Notcutts Nurseries, and author of a book called *The Dry Garden*. Suffolk gardeners are experts on drought. His walled garden is divided into contrasting "rooms", with high hedges and secret paths, a shady white and green garden (for breakfasting in on a morning after, he says) and an exotic Moorish pool inspired by foreign holidays.

Rumery's half-acre garden at Magnolia House is modest by comparison with Helmingham Hall, because of that, it gives the impression of being more easily imitated by the non-professional gardener. It is an illusion, of course, unless you happen to have an 18th century house as a backdrop, aged brick walls, mature hedges of beech and yew, mosaic flagstones and, of course, huge amounts of single-mindedness, talent and good taste.

The second garden was originally designed by Lanning Roper but its updating was the work of Mark Rumery. The 1.5-acre plot at Orford's Old Rectory lost nearly 90 trees from the combined effects of Dutch Elm disease and the 1987 hurricane. The owner, Tim Fargher, a painter and sculptor, has replaced some

of the trees in the most exposed part of the garden with bendy cypresses, hatched from seeds collected in Tuscany. His tour took in a woodland garden, labour-of-love garden, labour-of-love garden - just one full-time gardener here, and the gardener's father part-time for the vegetables - plus an unscheduled nose around his studio.

Orford, with its 12th century castle, gave us the

A shady white and green garden is for a morning-after breakfast

opportunity to have a delicious lunch at the Butley-Orford Oysterage of smoked fish and local apple juice, accompanied by slightly fierce service.

Then on to the lovely formal gardens at Helmingham Hall and a chance to buy some of Lady Tollemache's Chelsea leftovers - she was a gold medal winner at this year's show.

It is essential to have a car for these weekends; the 20-30 guests take themselves from one garden to the next and they are fairly spread out.

This has the advantage of avoiding the coach party effect and, more important, allows for horticultural shopping on the way.

There was more shopping on Sunday morning at a local nursery. Wootton's of Wenhamston, owned by Michael Loftus who used to run the Neal's Yard wholefood shop in London's Covent Garden. It's difficult to imagine him in a shop - he can be eccentrically uninterested in making a good impression on customers - but the plants make him worthwhile. If his perennials are good enough for Lady Tollemache - as they seemed to be from the Wootton's tags visible in her borders - they're good enough for anyone.

Loftus's own garden adjoining the nursery, which we wandered around before making our purchases, is a romantically unmanicured display of his own plants, with narrow gravel paths and deep borders bursting with aquilegias, poppies, bostas, and geraniums.

The cars came into their own as they were crammed with purchases, and radios were switched on to catch Gardeners' Question Time on the drive back. At home, in a less than stately garden, the giant alliums bought from Lady Tollemache were

found to be packed in generous amounts of her 500-year-old soil. Perhaps it will make all the difference.

For more information, contact The Swan Hotel, Market Place, Southwold, Suffolk IP18 6EG. Tel: 01502 722186. Fax: 01502 724900. The next garden weekend is September 19-21. The cost for two nights' (gourmet) dinner, B&B, plus garden snooping, is from £181 per person.

The Heraldic Garden, which contains flora and fauna to be found in heraldry, together with the Lady Hilda Memorial Arboretum in 10 acres of gardens, woods and parkland, is at Boxford, Suffolk. Open on Saturdays and Sundays until August 30; other days by arrangement. Tel: 01787 210208.

The Arley Garden Festival, Cheshire, July 26 and 27. Specialist nurseries from all over the UK will be selling rare and unusual plants. Tel: 01565 777353.

The evolution of the potter, a day-long lecture with lunch and garden tour at Waddesdon Manor, Buckinghamshire, October 15, £55. Tel: 01296 651226.

Three-day tour to include the Horrogate Flower Show, gardens at Parccovall Hall and Maspin House, with guide and lecturer Kate Garton, September 12-14, staying at Hilton National Leeds, £143. Tel: 0800 856 8002.



Gardens at Helmingham Hall have been continuously cultivated for 500 years

Cookery

Sardinia's intense flavours and sense of history

Philippa Davenport celebrates the traditional tastes, textures and aromas of this fiercely independent Mediterranean island

Thirty or so years ago when the Costa Smeralda was no more than a twinkle in the Aga Khan's eye, Sardinian food was strictly Sardinian. The ingredients and cooking of this wild, beautiful Mediterranean island bore the influence of historic invasions, of course (Phoenician, Roman and Arab traits absorbed a millennium or so ago, and tastes acquired under Pisan, Genoese and Catalan dominance from the 14th century onwards) but the essential characteristics of the Sardinian kitchen remained unchanged.

In 1968, when I worked in Sardinia, the island was still, as D.H. Lawrence had written in 1923, "a place apart... outside of Africa and Europe... outside of time and history". Even now the Sards are fiercely independent, referring to their compatriots not as Romans, Milanese and so on but sweepingly, sometimes darkly, as "the continentals".

Agrochemicals have seeped into the continentals' way of farming but organics remain the norm in Sardinia. This is not the result of green policy but simply because the industrial revolution never really arrived. Sardinia is a pastoral society scattered over remote hamlets and villages, and the traditional ways of doing things thrive by virtue of practicality for a people who lack capital, are unafraid of hard work and care about eating well.

Sardinian foods boast a strong sense of history and place, and are remarkable

for their intensity of flavour and freshness, grown to maturity in their own good time following the natural rhythm of the seasons. The cooking is unsophisticated, frugal, an unforced balance of ingredients that shows off the quality of the produce rather than showing off the cook. Tastes, textures and aromas are celebrated. Waste is abhorred.

The Sards are the ants, not the grasshoppers, of Aesop's fable: industrious preservers of summer surplus for winter eating. Vegetables are stored in oil; fungi are dried; herbs are steeped in vinegar; capers, peppers and tomatoes, lightly desiccated by

Bottarga is yet another of those ancient tastes that has never fallen from favour in Sardinia

the sun, are laid down in salt; lemons, myrrids and other fruits are packed in alcohol for beady elixirs; figs are slit, stuffed and baked by the sun or over a gentle fire until sufficiently dry for long keeping.

And the Sards are alone in western Europe, I believe, in perpetuating the ancient practice of preserving nuts in honey - simply the best way to retain the sweet milky freshness of new season's hazels, walnuts, chest-

nuts, almonds and pine-nuts from one year to the next.

Sardinian honey is outstanding, praised by Virgil and a source of even greater pride now so few places provide the honey bee with a rich haven of unpolluted clover and shrubs. Sardinian honey is generally aromatic, with lingering herbal or woody notes.

Eucalyptus honey is new to the island. The tree was introduced from New Zealand in the 1930s to help combat the malaria mosquito (the disease was not eradicated until the 1980s). *Corbo* (wild thistle) honey is unusual, but most highly prized are the hittersweet honeys such as *asfodel* and *corbezzolo*.

Corbezzolo (strawberry tree) honey is unique to Sardinia and invariably served in savoury contexts where its timeless quasi-medicinal taste is most exciting - drizzled over *seadas* (slivers of tangy fresh cheese, dressed with lemon zest, sandwiched in filo-like pastry, deep-fried until sizzling), smeared over wafer-thin slices of home-cured coppa (a type of raw ham) or rubbed over the skin of spit-roast veal. Such ideas may sound strange to those accustomed to spreading honey on bread and butter. But they are forgotten practices, not alien, vestigial savoury uses still exist in Sardinia - think of baked gammon finished with a honey and mustard crust.

The Sards reckon, rightly, that high temperatures kill the aromas and flavours of honey. For baking, they prefer not to use honey but another ancient sweetener, *sapa* or *soba*: a syrupy

reduction of grapes must. Don't think that only an ageing peasantry clings to these old-fashioned ways; traditional ingredients firmly remain part of the general repertoire. An elegant and worldly-wise friend from Bosa recently cooked me a delicious apple and pine-nut cake. When she gave me the recipe and I asked why it did not use sugar, she replied simply "the results are better with *saba*".

Pig-killing is a regular ritual on farms throughout the island, where young and old roll up their sleeves and knuckle in - no time for squeamishness - making fresh blood puddings for immediate eating, curing, pancetta, salami, prosciutto, coppa and other porcine treats for later.

Farms that are part of the government-backed *agriturismo* scheme, required to serve mostly own-grown food, can be excellent, modestly priced places to eat. At *Agroturismo Saltara* (tel: 0099 799 753697), a few miles inland from Santa Teresa di Gallura, port of departure for ferries from Sardinia to Corsica, Natalia Varsi makes delicately milky cheeses, raises good breads and cures her own meats, including a sizzily exquisite pancetta.

Her husband Giancarlo tends the wood-burning ovens outdoors, where suckling piglets aromatised with juniper and myrtle roast crisply over pans of delicious local potatoes. It is my favourite *agriturismo* in the whole of Italy.

Coastal trattorie and restaurants tend to specialise in fish. One such is *Ristorante Isola del Gabbiani* (tel: 0099



799 704023) near Palau. Designed by Salvatore Brandano, pupil of Busiri Vici, responsible for the best of Porto Rafael, this eatery is dramatically perched at the end of a little road bridging two bays famous for windsurfing, a fine spot to watch the sun go down and chew

thin, crisp, lightly charred wood-baked focaccia fragrant with rosemary. Fish soups that are a meal on their own, lobsters (plain grilled or served *all'iphereuse* with olive oil, lemon, tomatoes and onions), and *spaghetti alla bottarga* are just some of this fishy treats

served by the charming de Negri family, whose modest and delightful restaurant with rooms, *Silvestrino* in Stintino (tel: 0099 79 523007) on the north-west tip of Sardinia, is my favourite place to stay in the north of the island.

The production of *bottarga*

(the salted and pressed roe of blue fin tuna) was once the livelihood of the small fishing community of Stintino (population 1,114) and attempts are being made to revive production. *Bottarga* (which may also be made with the roe of grey mullet) has been described as the caviar of the Mediterranean. Pungently salty and fishy, far more dense and intensely flavoured than salt-cured anchovies, *bottarga* is yet another of those ancient tastes that has never fallen from favour in Sardinia.

It is unfamiliar in Britain today, but not new to us. Castelvetro, Italian tutor to James I, regularly brought back supplies to England after visits to his native country. It was served at the coronation feast of James II and was given a good write-up in Samuel Pepys's diaries.

Some of the most memorably delicious food in Sardinia today, and probably the most original, is offered by *Ristorante Gallura* (0099 799 24829) in Olbia, where you may taste such treats as seaweed swished through the highest of butters, deep-fried to rustling crispness; the sweet local mussels creamy with saffron and coriander; and catfish dressed with an arresting mixture of cardamom, bitter chocolate, vinegar, pine-nuts and candied orange peel. I have just read in a new book by Fred Plotkin that he is similarly enthused by Rita d'Enza's cooking: "Rita d'Enza makes daring and unusual flavour combinations, but cooks with such knowledge, insight and a sense of proportion that everything succeeds."

Plotkin's *Italy for the Gourmand Traveller* (72pp, a paperback published in Britain by Kyle Catlie at £12.99) is an outstanding book, remarkable for its breadth of coverage, full of insights and compulsive reading. It explores Italy, the people, their history and culture through an appreciation of their foods, region by region. Plotkin eats where the locals eat (in pasticceria, bars and trattorie as well as restaurants), shops where they shop, celebrates local folklore and festivals, visits museums, vineyards, craft makers and other artisan food producers and generally relishes life *con brio*.

Wine

Rekindled love affair with the French

Jancis Robinson looks beyond the season's stars to find plenty of fine wines at reasonable prices

As the price of Bordeaux's most hyped young reds escalates into the far distance, it seems pertinent to consider which wine regions can offer particularly good value at the moment.

One of them, humbly enough, is Bordeaux - particularly in the £5 to £10 bracket. Negotiants such as Ginet and Calvet have overhauled the way they make basic Bordeaux so they can now offer bottles which shout flavour, interest and even some development potential in place of the weary little whisps we came to expect from the Gironde. Recent vintages have helped, too. The beleaguered French franc has rekindled the Anglo-Saxon love affair with all sorts of French wines during the past few months. The Languedoc and Roussillon have been offering well-priced wines for some time now but the regions are just at the point where the better producers are trying to ask a bit more for their top blends.

The Loire, particularly in view of the excellence of the 1995 and 1996 vintages, is looking quite seriously underpriced, however. In general, the 1996 red and dry white Lotres are even better than the 1995s.

The Loire specialist RSJ Wines of London SE1 (0171 633 0489, offshoot of the eponymous restaurant) can offer all sorts of gorgeous wines, red and white, sweet and dry, for well under £8 a bottle. Clos Roche Blanche's Touraine Sauvignon 1996 is quite extraordinarily concentrated, even rich, for £5.15, for example - a convincing argument for

This is the moment to lay to rest the ghost of over-sulphured Vouvray past

low yields and biodynamic viticulture. Both RSJ and Oddbins sell Baudry's Clos de la Perrière Chimon 1996, an ultra-supple summer red at £6.90 and £6.79 respectively. The more concentrated Vieilles Vignes bottling is only £7.90 at RSJ, which is also importing a full range of 1996s. Majestic's Conly-Duthell Chimon 1996 at just £5.49 is already drinking well but a substantial investment in some more concentrated 1995s and 1996s would provide great pleasure for

several summers to come. Dry and dryish Vouvray hit the bullseye in 1996, proving just how versatile these tangy-rich wines are with food. Asda have Bourillon-Durjeux's Demi Sec Vouvray for only £4.99, while Oddbins have Fougnet's Vouvray Les Chais Sables 1996 at £6.99 - it is lively, nutty and markedly more exciting than the demi sec at the same price. This is the moment for laying to rest the ghost of over-sulphured Vouvray past.

Fellow parish sherry and German wines are likewise underpriced. Victoria Wine Cellars are selling Mönchhof's delicate Erdener Treppchen Riesling Kabinett 1996 - an 11 year-old wine - for just £4.99, while Majestic have the drier, more substantial Dönnhof's Letzthöhe Riesling Kabinett 1996 von Buhl for £5.99.

But the place that is still sending us a phenomenal range of underpriced yet delicious wines, mostly reds, is Chile. The Chileans seem to be putting all their efforts into making small, special batches that can command £10 and more, overlooking the fact that they could probably add between one and two pounds to the price of most of their wines currently on

sale in Britain for under £8 before anyone would complain. Argentina has also firmly established itself as a source of some carefully made and generously priced reds and whites. Uruguay is catching up fast, too.

South Africa produces an ocean of ordinary white but the quality of its better wines of both colours has increased much faster than their prices. The best wines of producers such as Glen Carlou, Haute Provence, Hartenberg, Jacana, Kanonkop, Louisvale, Plaisir de Marie, Saxonburg, Senkela, Vergelegen and Warden Estate all represent particularly good value for the moment. (Gouchard-Finlayson, Hamilton-Bussell, Stellenzicht and Thelma's prices are already in line

with their excellent quality.) Finally, much to my amazement, I have to nominate as relatively good value Bordeaux's great rival and France's other wine classic, top-quality Burgundy. Like Bordeaux, Burgundy was blessed with two excellent vintages in 1995 and 1996 (and a run of perfectly good ones before that). Unlike Bordeaux, prices of top-quality Burgundy have not so far zoomed Mars-wards as a result.

Great wines are never cheap but Burgundy can now offer dozens of fine wines for well under £300 a dozen. Fine wines are still available from merchants' 1995 Burgundy offers - which should serve as a reminder to act fast as soon as the 1996s are offered

early next year. The whites in particular are looking very exciting. Sign up now with London's specialist merchants such as Bibendum of NW1, Domaine Direct of WC1, Haynes Hanson and Clark of SW1, Justerini & Brooks of SW1, Laytons of NW1, Morris & Verdin of SE1 and La Réserve of SW3.

Since Burgundy is sold on the basis of long-term friendships between individual growers and specialist importers, the market is less plagued by the sort of heat generated by the Bordeaux place. As quality has become much more reliable in Burgundy, so have prices. Long may it last.

■ NEXT WEEK: detailed recommendations from Chile.

Claret fever

Edmund Penning-Rosell on leaping prices

The increase in en primeur prices of top 1996 clarets is demonstrated by comparison with the same wines in 1995. The 1995 first growths opened at FF230 a bottle; the 1996s opened at about FF300, then rose in ever-increasing leaps.

At the lower levels, the classed growths and *crus bourgeois* increased much more moderately. Initially, 1996 claret prices rose owing to a shortage of stock at the chateaux and in the Bordeaux market - caused by the unsatisfactory '91, '92, and '93 wines having been sold off as quickly as possible.

Thereafter, buying fever took over for the top clarets, principally in east Asia and US, where only "blue chip" vintages have wide appeal. There is also an element of greed in Bordeaux and among some of the buyers in Britain aiming at top foreign markets.

The 1996 vintage was a Cabernet vintage, more successful in the Medoc than in the basically Merlot crop of St Emilion and Pomerol. But

CLARET PRICES: 1995 v 1996			
	1995 (FF)	1996 (FF)	UK 1996 price in bond (£)
First Growth	230	300	42
Second Growth	180	240	15-20
Third Growth	150	200	198
Fourth Growth	120	170	275-350
Cru Bourgeois	100	150	510
Cru Bourgeois	80	120	265-470-525
Cru Bourgeois	60	100	494-500
Cru Bourgeois	40	80	325-350
Cru Bourgeois	30	60	404-500
Cru Bourgeois	20	40	840-1,000
Cru Bourgeois	10	20	975-1,000
Cru Bourgeois	5	10	1,050
Cru Bourgeois	2	5	750-1,050

this made little difference when the market mad - with the honourable exception of J.P. Monzie, which reduced its prices slightly. The UK prices in bond, taken from retail lists, for the leading growths vary so widely that the prices given in the accompanying table may have to be taken as an indication.

The apparently wide margins between the 1996 open-

ing prices and the UK figures in bond also includes duty of £1.05 (£1.09 from next January) and 17% per cent VAT overall. The 1996 clarets will not be in bottle until next year, and the leading growths will need at least 10 years in bottle before opening. Some of their initial buyers may get tired of waiting and sell, so it is possible that prices may fall.

Appetisers

Watch out on July 21st! A Belgian mine-sweeper is due to make its way up the Thames in what could prove the most perilous naval attack on London since the Battle of Medway in 1667.

The reason behind the arrival of the Naval Task Force is Belgian Beer Week, from July 18-27. L'Abbaye in Smithfield will be serving *moules frites* in true Belgian style with the mussels cooked in a different beer each night of the week. Naturally, Belgians are offering various deals, as is the White Horse in Parson's Green, The Cow in Westbourne Park Road and the Windsor Castle in Llanark Place.

Let's hope the festival will encourage the city's pub-crawls to stock more Belgian bottled beers. Details from Eileen Kehoe-Green on 0171-637 2477.

Cheese ice creams were apparently popular for dessert in Regency and Victorian England. Parmesan ice, this confection of Joseph Bell's, is described by Robin Weir, co-author of *Ice: the Definitive Guide*, as "wonderful. Do not let the idea put you off".

I've not tried it yet myself but understand there are two important points to remember. First, be sure to use a bunk of genuine

Parmigiano-Reggiano. Grana Padano and cheeses labelled Grana or Parmesan will not do. Second, the cream must be boiled or it will not be hot enough to melt the cheese.

PARMESAN ICE 500ml whipping cream; 115g Parmigiano-Reggiano cheese; 115g golden granulated sugar. Grate the cheese. Heat the cream with the sugar, stirring gently and constantly until the sugar has melted, then bring the mixture to a bubbling boil. Remove the pan from the heat, add the grated cheese and stir continuously until the cheese has melted completely. Cool, then chill the mixture in a refrigerator overnight. Next morning, scrape the mixture into a freezer box. Stir well, level, cover and freeze for at least six hours.

Philippa Davenport Hampton Court Palace is giving its visitors the chance to get a true taste of history. The black dessert grapes of the Great Vine, once reserved for the kings and queens of England, are to be sold to visitors for the first two weeks in September.

Planted in 1763 by Capability Brown and 120ft long, the vine is the oldest and largest known in the world. It usually produces between 500 and 700 bunches of grapes - although in 1807 there was a record crop of 2,245. Details on 0181-781 9500. Jane Crust

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MOTORING / FISHING

It is the 50th anniversary present he would most have wanted, and somewhere up there, I suspect, if Commendatore is urging the young German on.

Deep in the French countryside, on the undulating circuit of Magny-Cours last month, Michael Schumacher did the seemingly impossible: trounced rival Jacques Villeneuve's favoured Williams to sat the prancing horse of Ferrari firmly on course towards winning the Formula One world championship which has eluded it, to Italy's heartfelt chagrin, for more than a decade.

The two Ferraris broke down at Silverstone last weekend - but that does not mean the world title is beyond Ferrari, 50 years after the Maranello concern was founded by the imperious engineering genius Enzo Ferrari. And if it does win, few in Italy will begrudge - publicly, at least - that the credit belongs more to the talented Schumacher than Ferrari's long-overdue renaissance from within.

Nine years after the death of Ferrari himself, it will be enough that the company bearing his name - although now 87 per cent owned by Fiat - is being launched into its second half-century on an increasingly high note both off the track and on.

Considering that Ferrari does not spend a single lira on advertising its sleek, traditionally blood-red products - the money goes instead into racing, with the consequent torrents of words and airtime coming for free - the company has secured a unique niche in the automotive world.

It is a widely venerated national institution for Italy, and the object of ultimate automotive desire almost everywhere else. Porsches have solidity, practicality and appeal to common sense; Ferraris are sinuous, have engines which yowl at the moon and tug irresistibly at the senses.

Luca Cordero di Montezemolo intends that the emotional appeal of the brand should grow even stronger as the black horse gallops towards its full century. A former manager of Ferrari's Formula One team in the 1970s, di Montezemolo, himself 60 this year, has already made a big impact since taking over the chairmanship in the early 1990s.

Badly hit, along with most of the luxury sports car makers, by the global recession at the end of the 1980s, Fer-



Top of a high range: the 200mph Ferrari F50 convertible costs £330,000

Photograph: Quattrini Picture Library

Ferrari: the heritage and the dream

John Griffiths studies the Italian marque which has come to mean so much more than just a company name

ari has undergone one of the strongest revivals in its history since di Montezemolo got his feet under the chairman's desk.

There is now not one car in Ferrari's model range which is more than four years old - something of a record in the rarefied atmosphere of the supercar manufacturers' world. There has been unprecedented investment at Maranello in plant and processes to improve quality and reliability. Sales are strong and profitability even stronger.

Thanks to the introduction of models such as the £143,000 (in the UK) 550 coupé and the £170,000 456 grand tourer, the model "mix" has been enriched.

The F355, at £297,000-plus, might still be the mainstay of the range and first step on the ownership ladder; but an ever larger number of buy-

ers are opting for the more expensive models. Last year, the 3,500 Ferraris sold around the world yielded \$70m in profits - four times as much as a year earlier.

Figures like that have encouraged Ferrari's huge industrial parent to leave di Montezemolo to steer his and Ferrari's own course - and not just because he also happens to be a nephew of the Fiat family's patriarch, Gianni Agnelli.

The road Ferrari is taking towards the future, he stresses, will differ little in fundamental character from that which it has travelled in the past. He has reason for emphasising this stance.

Some months ago, 3 per cent of Ferrari's shares were bought by Fidia, an investment fund owned by several Italian banking groups, leaving Fiat with 87 per cent and 10 per cent in the hands of

Piero Ferrari, Enzo's son and Ferrari's deputy chairman. Rumours have circulated that Fiat intends a stock market listing for Ferrari in a loosening of historic ties.

Last week, a new factor entered the equation when Ferrari formally took man-

These sinuous blood-red products tug irresistibly at the senses

agement control of Maserati, another proud Italian automotive name fallen on hard times which Fiat bought several years ago and which Ferrari and his Fiat parent now own 50-50.

Taken together, could we be witnessing the end of Ferrari as we have known it, in favour of a larger, more independent grouping in which each distinctive flavour of Ferrari and Maserati might be lost? The rumour mill has been grinding.

Not a chance, say both Fiat and Ferrari executives. The small share switch is dismissed as a technicality - "there is no prospect whatsoever that Fiat might let Ferrari go".

As for Maserati, the Ferrari culture and di Montezemolo's empathy with the more emotive aspects of designing and making cars are seen by Fiat as making the Maranello group better qualified than mainstream Fiat managers to engineer the marque's revival.

Far from duplicating Ferrari models, Maserati's future is seen as the maker of

sporting four-seater cars.

In any case, as Fiat executives point out, current Maserati models such as the Quattroporte are priced almost exactly half-way between the most expensive Fiat cars and the "entry level" Ferrari 355.

The yardstick of success will be future regular production of a maximum 2,500 newly designed Maseratis a year - still a huge step up from the 400 a year at the time of the Fiat takeover.

Fiat's hands-off approach to Ferrari, to an outsider, might sometimes seem like excessive self-denial. Fiat owns, for example, Teksid, one of the world's largest and most technically advanced aluminium foundry operations.

It could cast all Ferrari's and Maserati's engine blocks for a year and barely notice. Yet Maranello has recently

had another small-scale foundry installed exclusively for its exclusive use.

It lacks obvious commercial logic but, says Fiat spokesman Richard Gade-selli: "Someone buying a Ferrari likes to know that the guy who poured the molten metal for his engine block may be doing exactly the same for Schumacher's F1 car the following day. It is all part of the fascination."

Maranello is also getting its own wind tunnel and heavy investment is going into new technology. The next generations of Ferrari will make much use of new and exciting plastic composite and metallurgical materials. Their design and character, stresses di Montezemolo, will be every bit as exotic, and at the extreme edge of automotive performance.

With prices ranging up to

£330,000 for the 200mph F50, another aspect of Ferrari that also will not change, he adds, is production - 3,500 a year is seen as the production ceiling for as far into the future as anyone at Maranello is prepared to look.

Last month, watched by thousands as part of the 50th birthday celebrations - this time marking Ferrari's first grand prix win - Schumacher and team-mate Eddie Irvine chased each other around Rome's ancient Circus Maximus in road-going Ferraris.

The cars, of course, were rather quicker than the chariots of ancient Rome; but as for the emotions spurring on the drivers, it is doubtful that anything fundamental has changed.

Perhaps the Ferrari heritage goes back further than we thought...

When enthusiast motoring magazines praise only build quality, comprehensive equipment and value for money and look down their noses at performance, I start to get seriously interested in whatever they are writing about.

Car nuts bang on eagerly about matters of little real concern to people who actually buy cars - multiple valves, camshaft profiles, that kind of thing. Such matters are never mentioned by readers of this column asking advice about which car they should buy next. "My wife needs a small, inexpensive and easy-to-drive runabout with power steering: what is available?"

And "Having just retired, I fancy turbo-diesel economy but must have automatic transmission. My budget is limited - what choice do I have?" Or "I have three children and a holiday home in the south of France. Is there a multi-purpose vehicle with reasonable running costs and air conditioning?"

(The answers I gave were: try a Daihatsu Charade, VW Passat TDI and Seat Alhambra TDI, in that order.)

Every year for almost 40 years, I have driven at least 50 different cars. From behind the wheel, it has

become increasingly difficult to tell one from the other. It used not to be so. Until the end of the 1970s it often needed only five minutes driving to sort out the sheep from the goats.

I am, of course, talking about driving on public roads, not hurling family cars around racing circuits or proving grounds and would be the last to deny that it is all great fun, but what do such antics prove? Merely that in this alien environment, some cars are more forgiving in extremes than others. And that few people who have not had an opportunity to drive in this manner can ever appreciate how technology - mechanical, electronic and tyre - has made today's cars potentially so incredibly safe on the road.

Two qualifications must be made. The cars that impress most on the circuit are often the least comfortable on the road. And that treating driving as a craft, rather than an



Toyota Corolla five-door liftback: modest performance with good build quality and reliability

opportunity for exhibitionism, does more for road safety than any amount of advanced automotive design and technology. All of which is by way of a preamble to the launch of two new Japanese cars, the Toyota

Corolla and Mazda 626. The latest Corolla went on sale in Britain last month with four body styles (three-door hatchback, five-door liftback (no, I don't know what the difference is, either), four-door saloon and

five-door estate car. Engines, which are reworked versions of those from the last model, are 1.3-litre (85 horsepower) and 1.6-litre (109 horsepower) petrol and a 2.0-litre diesel, which makes up for its modest 71 horsepower

with nearly as much torque (pulling power) as the 1.6-litre petrol engine. Transmissions are five-speed manual, with four-speed automatic on both 1.3-litre and 1.6-litre engines, or a close-ratio six-speed manual on a pair of G6 hatch (or lift) backs.

The six-speeders are not, Toyota stresses, hot hatches; just Corollas with an extra cog thrown in to please people who enjoy playing with gears. (Fiat had the same idea with its Punto but demand in Britain was minimal and it was dropped.)

None of the Corollas is likely to turn heads. Their styling is clean, with bulbous-looking headlamps and a grille like the foil from some monstrous dry shaver. Equipment includes power steering, twin airbags, remote central locking and proper lap and diagonal belts for all three rear seats.

Hard drivers, who might not care to be seen dead in a Corolla, would say the steering was too light and

the suspension too soft. People - and not just pensioners - who buy them to drive sensibly will see no cause to complain, especially if they have moved up from a Starlet, the Corolla's baby brother. Prices are competitive, the poshest air-conditioned 1.6-litre CD liftback is £14,345 (£15,195 for the automatic) and the entry model 1.3-litre three-door is £10,850.

The most persuasive argument of all could be the top honours taken by Toyota's Starlet, Corolla and Carina E in quality and reliability surveys conducted by ADAC (the German equivalent of the AA) and BBC Top Gear/J.D. Power quality monitoring organisation. For the time being, the Corollas will be imported from Japan but British production of the five-door liftback starts late next year and of the three-door hatchback in 1998.

The new Mazda 626 is not going to stand out in a crowd, either, but its clean lines are inoffensive and

making it four inches (10cm) longer has improved passenger space. At the moment, only the five-door hatchback is on sale but the saloon arrives next month and an estate car early next year. On-the-road prices start at £13,960 for a 1.3-litre.

This is even keener than it seems because standard equipment includes electronically controlled air-conditioning, power steering, electric windows and door mirrors and three-point rear seat belts. The 2.0-litre, 115 horsepower models (£14,610 for the 2.0 LXI) all have electric sunroofs.

Anti-lock brakes and a passenger airbag, too, start with the 2.0 GXI (£15,610) and the 2.0 SE (£17,960) also has traction control, side airbags, alloy wheels, cruise control and wood trim. The engines are refined and reasonably eager. Automatic transmission, on the 2.0-litre cars only, adds £200.

Budget-stricken private motorists will approve of the high gearing of both manuals and automatics. It may blunt standing start acceleration times and demand a downshift for rapid overtaking but helps average fuel consumptions to be 35mpg (8 l/100 km) for the 136 horsepower 2.0-litre to 37mpg (7.8 l/100km) for the 1.6-litre.

Road test

Smoothing the bumps on the circuit

Yesterday's hard driving is what makes today's cars so safe on the road, writes Stuart Marshall



Toyota Corolla five-door liftback: modest performance with good build quality and reliability

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Fishing

One perfect day, downstream

The rhythm of the cast, the rise of the trout - that's how it should be, says Tom Fort

Wherein is contained the essence of a really good fishing day? Having just had such a day, I was pondering this great philosophical question as I crawled down the M6 from one odious jam to the next.

What was it that had been so engrossing, so thoroughly uplifting? What had it been about the hours beside and in the water that had enabled me briefly to forget such momentous affairs as the convulsions of the Tory leadership contest, and the Amsterdam treaty?

The first indispensable is the place, which was the Eden at Langwathby in Cumbria. I have fished for trout in 10 or so countries of the world, and I have yet to encounter anywhere to compare with this couple of miles of English river. It has breadth, it has depth, it has variety. It is grand and

beautiful, it has trout - wonderful wild brown trout. It goes without saying that there should be fish in good fishing. There are poetic fellows who would have you believe that birds, sunshine and soft breezes can make up for an absence of fish. I am not one of them.

But we must be particular about our fish. There should not be too many, otherwise we would say it was too easy. There should not be too few, which would be dull. They should not be gross, making the catch wearisome to carry; nor so small as to be unworthy of us. They should not all come

at once, but be spread out, to give day-long diversion. They should be discriminating, but not faddy.

If all these criteria are met, a matter such as bodily comfort becomes unimportant; which is as well, because on my good day there was precious little of it around. In the morning I got wet up top as it rained with proper Cumbrian application. In the afternoon, my legs got wet; I was standing in the river and my waders leaked. By evening, the areas of damp had formed an alliance and I became chilled to the bone.

But on a good day there is a bonus to becoming damp and frozen, which is the wallow in the hot bath. If the tub is followed by foie gras, some veal in breadcrumbs attended by new potatoes and beans, a glass or three of a noble '66 claret, and the chill fades fast. And when there is time and light enough to whizz back to the river and find it still and tolerably warm, and the trout still about their business, then the day achieves a resounding finale.

This was the structure of my day. The morning I spent on a pool formed where the

Eden passes by a steep wooded bluff. The pool is flat and slack at its end, and the fish were wary. But at the top, the water has life and movement; and between the downpours olives hatched and fish fed with purpose. I caught three good ones, and lost a couple, the second of which departed amid spray after gymnastics which prompted everything else to flee.

By now the worst of the rainclouds had hurried off to plague someone else, and morning had become afternoon. Normally I sleep in the afternoon, but it was too wet for snoozing, so I

fished and was glad I did so.

There is a community of trout which live where the Eamont runs into the Eden. They have tantalised me for years, for they station themselves far out in the stream, too far for comfortable casting. With great effort you may land a fly in front of one, but it is usually a small one, or you miss it because of the range.

This time I did what I have always meant to do. I waded in much lower down, got across to a line of rocks which runs upstream, and crept up on them from below, unseen and quite unsuspected.

It was a testing manoeuvre, and by the time I got where I wanted to be some of the wet stuff which should have been outside my waders was inside. But I cared not, for I could see the little high wings of the insects drifting down, and the noses of trout sloshing around among them.

I can say that I did pretty well; modesty restrains me from crude detail. The glory of it was not the trophies but the succession of moments. For an hour or more, until I realised how cold I was, my being was concentrated on the fish and their feeding.

To those who know nothing of it, this will be mere fancy, hyperbole, nonsense. But those of the breed will know exactly what I mean when you live through the rhythm of the cast, the motion of the water, the rise of the trout. Time dashes by, and nothing else matters a jot.

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INTERNATIONAL ARTS GUIDE

What's on
around the
world

■ AMSTERDAM

EXHIBITIONS
Van Gogh Museum
Tel: 31-20-570 5200
Second of four summer exhibitions of drawings by Van Gogh. This time it is the turn of the works produced when the artist lived in Nuenen, 1885-1886. The exhibition is shown in two parts, with a changeover on Aug 18; to Oct 12

■ AVIGNON

THEATRE
Avignon Festival Tel: 33-4-9014 1414
● Amphitryon: by Molière. One of two productions brought by Anatoli Vassiliev as part of a Russian season. Cast includes Valérie Dréville; at the Eglise des Célestins; Jul 21, 22, 23, 25, 26
● Chambre d'Hôtel dans la Ville de Nî: adapted from Gogol and directed by Valeri Fokine; at the Usine Volponi; Jul 20, 21, 22, 23, 25, 26
● K.I. du "Crime": adapted from Dostoyevsky's novel by Danil Guzik. Kama Guzikas directs; Oksana Missina stars; at the Usine Volponi; Jul 20, 21, 22

■ BARCELONA

EXHIBITIONS
Fundació "la Caixa"
Tel: 34-3-404 6073
Tàrsila de Amers: Frida Kahlo, Amelia Peláez: display of works by the three women artists which aims to explore the relationship between the European avant garde and the indigenous traditions which influenced them; to Jul 27

■ BASLE

EXHIBITIONS
Öffentliche Kunstmuseum Basel
Tel: 41-61-271 0528
Dürer/Holbein/Grünewald: major celebration of the quincentenary of Hans Holbein the Younger (ca. 1497/98-1543). Organised with the Staatliche Museen, Berlin, the exhibition consists of 170 old master drawings; to Aug 24

■ BERLIN

EXHIBITIONS
Museum für Moderne Kunst,
Martin-Gropius-Bau
Tel: 49-30-2548 6714
The Age of Modernism - Art in the Twentieth Century: comprehensive survey which presents the art of this century in four self-contained sections. Beginning with the explosion of Cubism and the crisis of the avant-garde, the exhibition includes works by Picasso, Duchamp and Kandinsky as well as younger and contemporary artists; to Jul 27

■ BONN

EXHIBITIONS
Kunst- und Ausstellungshalle der
Bundesrepublik Deutschland
Tel: 49-228-917 1236
Sigmar Polke: subtitled "The Three Lies of Painting" this show aims to be the largest ever held in the country's biggest exhibition halls. Including some 180 loans, it will document Polke's work from 1962 to the present, and will transfer to Berlin's Hamburg station; to Oct 12

■ CHELTENHAM

CONCERTS
Cheltenham Festival
Tel: 44-142-227979
BBC National Orchestra of Wales, conducted by Tadaaki Otaka in works by Brahms, Beethoven, and a new work by Julian; at the Town Hall; Jul 20

■ EDINBURGH

EXHIBITIONS
Scottish National Portrait Gallery
Tel: 44-131-624 6200
The Face of Denmark: the product of an exchange organised with the museum's Danish counterpart, this exhibition will include works from the period 1750-1840 and portraits of famous Danes including Hans Christian Andersen and Kierkegaard. In return, Scottish portraits will travel to Denmark in the autumn; to Aug 31

■ FORT WORTH

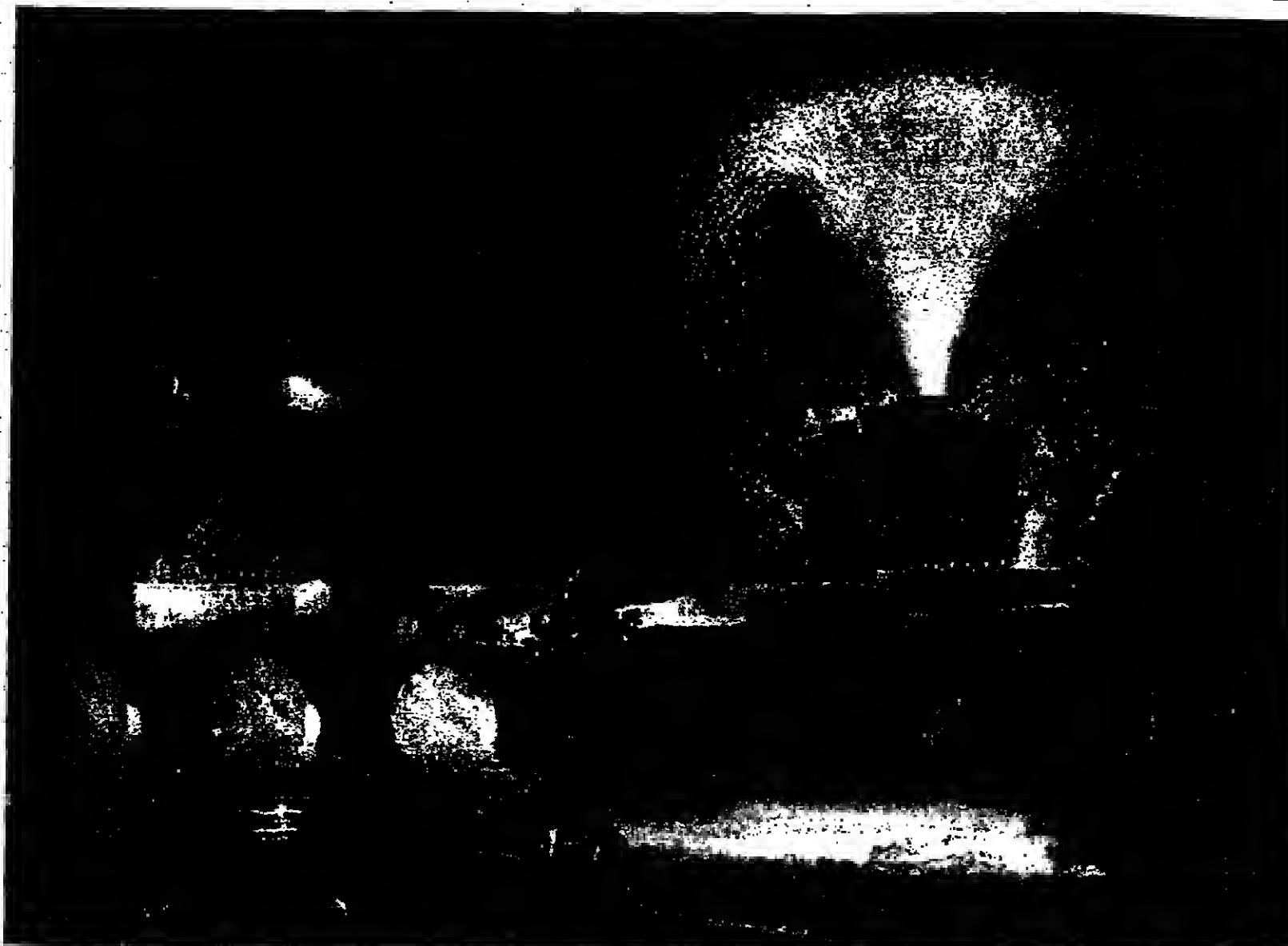
EXHIBITION
Kimball Art Museum
Tel: 1-817-3328451
Monet and the Mediterranean: "It is so beautiful here, so bright, so luminous! One swims in blue air; it is frightening!" wrote Monet from Cap d'Antibes in 1888. Bringing together more than 70 works, this exhibition presents the fruits of several journeys made by the painter to the Italian and French Riviera in the 1880s, to Venice in 1908; to Sep 7

■ GLASGOW

EXHIBITIONS
McLellan Galleries
Tel: 44-141-331 1854
The Birth of Impressionism: including paintings by Monet, Sisley and Pissarro. Tells the story of Impressionism's reception by the French artistic establishment as well as suggesting the influence of photography, railways and Parisian café society on the new painting; to Sep 7

■ GRAZ

CONCERTS
Styriarte Festival
Tel: 43-316-825000
Handel's Fireworks: Jordi Savall conducts the Concert des Nations in the festival's final concert: Purcell's Fairy Queen Suite and Handel's Music



Fireworks at the Castel St. Angelo, Rome; one of the works on display in the 'Feste a Roma' exhibition at that city's Palazzo Venezia Photograph: Stefan Lensa

for the Royal Fireworks; at the Stefan Lensa; Jul 20.

■ KASSEL

EXHIBITIONS
Various venues
Documenta: giant five-yearly survey of contemporary art which takes place all over Kassel. Starting at the old railway station, this tenth edition has been selected by French curator Catherine David, formerly of the Centre George Pompidou; to Sep 28

■ LAUSANNE

EXHIBITIONS
Fondation de l'Hermitage
Tel: 41-21-320 5001
Charles Camoin (1879-1965): retrospective which aims to demonstrate Camoin's contribution to Fauvism at the turn of the century and to show the development of his later work, including the influence of Cézanne; to Oct 5

Musée Cantonal des Beaux-Arts
Tel: 41-21-312 8332
COBRA 1948-1951: organised to mark the 50th anniversary of a post-war group of experimental artists, who derived their movement's name from their three cities of origin: Copenhagen, Brussels and Amsterdam. The exhibition will travel to Munich and Vienna; to Sep 14

■ LONDON

CONCERTS
BBC Proms, Royal Albert Hall
Tel: 44-171-589 8212
● Nicholas McGegan conducts selections from Mozart and Schubert's one-act opera *Die Verschworenen*, performed by the Orchestra of the Age of Enlightenment. Soloists include soprano Hillevi Martinpelto; Jul 19
● World premiere of a new work by Michael Gordon and UK premiere of John Adams' *Scratchband*, plus music by Steve Reich, Lou Harrison, Philip Glass and Frank Zappa. Performed by the Ensemble Modern and conducted by John Adams; Jul 20
● Amsterdam Baroque Orchestra and Choir conducted by Ton Koopman in music by Bach; Jul 21
● BBC National Orchestra of Wales: with cellist Steven Isserlis, conducted by Tadaaki Otaka in works by Mendelssohn, Elgar and Bruckner; Jul 22
● BBC Symphony Orchestra: conducted by Andrew Davis in the world premiere of *Sea-Change* by Iannis Xenakis, and works by Prokofiev and Strauss. With pianist John Lill; Jul 23
● Paul Daniel conducts the Chorus of Opera North and the English Northern Philharmonia in Stravinsky's *Petrushka* and a semi-staged London premiere of Korngold's *Violanta*, directed by Nigel Lowery; Jul 24
● Sir Peter Maxwell Davies conducts the premiere of his new work *Sails in St Magnus*, inspired by his friend the poet George Mackay Brown. Vassily Sinalsky conducts works by Beethoven and Shostakovich. With pianist Stephen Kovacevich; Jul 25

DANCE
London Coliseum
Tel: 44-171-632 8300
● The Kirov Ballet: *The Sleeping Beauty* - casts vary; Jul 19
● Swan Lake - casts vary; Jul 21, 22, 23, 24
● Don Quixote - a highlight of the month-long season, with choreography by Petipa; casts vary; Jul 25, 26

EXHIBITIONS
Hayward Gallery Tel: 44-171-2610127
Rhapsodies in Black Art of the Harlem Renaissance - for African American artists working in New York, the 1920s were something of a golden age. Harlem's dynamic centre. This multi-media presentation celebrates this decade of extraordinary creativity, bringing together paintings, sculptures, photography and film; to Aug 17

EXHIBITIONS
Kunsthalle der Hypo-Kulturstiftung
Tel: 49-89-224412
Markus Lipertz (b. 1941), one of Germany's leading artists, is the subject of a retrospective which includes paintings, drawings and sculptures from throughout his career; to Sep 14

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National Gallery Tel: 44-171-839 3321
Seurat and The Bathers: places Seurat's great "Bathers at Asnières" in a context provided by his own earlier work, and studies and drawings for the painting, as well as works by predecessors who influenced him, and by his Impressionist contemporaries; to Sep 28

Royal Academy of Arts
Tel: 44-171-439 7438
Hiroshige: Images of Mist, Rain, Moon and Snow - celebration of the bicentenary of Hiroshige (1797-1858), Japanese master of the coloured woodcut, whose landscapes provide an atmospheric picture of 19th century Japan; to Sep 28

■ THEATRE

National Theatre Tel: 44-171-9282252
● *Closer*: new play written and directed by Patrick Marber, with a cast including Ciarán Hinds; Cottesloe stage; in repertory
● *King Lear*: by Shakespeare. Highly praised production directed by Richard Eyre, with Ian Holm in the title role; Cottesloe stage; in repertory
● *Amy's View*: Judi Dench and Samantha Bond star as mother and daughter in a new play by David Hare directed by Richard Eyre; Lyttelton stage; in repertory
● *The Cripple of Inishmaan*: new play by Martin McDonagh directed by Nicholas Hytner; Lyttelton stage; in repertory
● *Guys and Dolls*: enormously successful revival of Richard Eyre's production with a cast including Imelda Staunton as Miss Adelaide; Olivier stage

Shakespeare's Globe
Tel: 44-171-401 9919
Henry V: by Shakespeare. Mark Rylands stars as the young king in a production directed by Richard Olivier and designed by Jenny Tiramani; in repertory

The Old Vic Tel: 44-171-928 6655
● *The Provok'd Wife*: Lindsay Posner directs Alison Steadman and Michael Pennington in Vanbrugh's comic take on sexual politics in Restoration England; in repertory
● *The Seagull*: by Anton Chekhov, in a version by Tom Stoppard directed by Peter Hall. Felicity Kendal is Madame Arkadina, Timothy West her unhappy son, Michael Pennington her lover; in repertory
● *Waiting for Godot*: by Samuel Beckett. Ben Kingsley and Alan Howard play Estragon and Vladimir. The director is Peter Hall; in repertory

EXHIBITIONS
Museum of Contemporary Art
Tel: 1-212-626 6222
Jeff Wall: first retrospective exhibition of the Canadian artist whose photographic work draws on the narrative traditions of tableau painting; the exhibition has been seen in Washington and will travel to Japan; to Oct 5

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New York Philharmonic at the Avery Fisher Hall. Kurt Masur directs a programme exploring countercurrents to Wagner, featuring the rarely performed Mendelssohn oratorio *Die erste Walpurgisnacht* and the Brahms Violin Concerto; Jul 19, 20
● *Expresiones Latinas*: seven-day festival of Latin and South American music, featuring musicians from Brazil, Mexico, Colombia, Cuba and Venezuela; at the Avery Fisher Hall; Jul 21-27
● *Pomerium*: a cappella early music ensemble presents a pair of concertos designed to complement the festival's presentation of Pfitzner's opera. "Before the Council of Trent", Jul 20, features music by Palestrina and his predecessors; "After the Council of Trent", Jul 27, places his music alongside that of his contemporaries; both take place in the Alice Tully Hall

■ PARIS

EXHIBITIONS
Jeu de Paume Tel: 33-1-4703 1250
César: major retrospective of one of the most important French sculptors of the twentieth century. Tracing the different approaches and materials with which he worked, the exhibition includes almost 500 objects loaned from museums and collectors in France and abroad; to Oct 19

Musée National d'Art Moderne, Centre Georges Pompidou
Tel: 33-1-4478 1233
Fernand Léger: retrospective of the early modernist, who emerged from the Cubist revolution around 1910 to move towards abstraction. His experiences in the war and socialist principles led him back to figurative painting. The exhibition will travel to Madrid and New York; to Sep 29

■ PESARO

CONCERTS
Rossini Opera Festival
Tel: 39-721-33184
Moscow Chamber Orchestra: conducted by Constantin Orbelian in works by Mozart and Mendelssohn. With violin soloist Gabriele Pierannunzi; at the Palazzo Montani-Antaldi; Jul 24

■ ROME

CONCERT
Accademia Nazionale di Santa Cecilia Tel: 39-6-6880 1044
Orchestra and Choir of the Accademia Nazionale di Santa Cecilia: conducted by Yuri Temirkanov in works by Borodin, Rachmaninov and Prokofiev; with piano soloist Dmitri Alexeev and contralto Larisa Djachkova; Jul 24, 25

■ SALZBURG

EXHIBITION
Palazzo Venezia Tel: 39-6-679 8865
Feste a Roma: includes reconstructions of lavish, semi-permanent Baroque structures built to celebrate festivals, both religious and secular, which took place in Rome between the seventeenth and nineteenth centuries; to Sep 15

■ SALZBURG

THEATRE
Salzburg Festival
Tel: 43-662-844501
● *Jedermann*: by Hugo von Hofmannsthal. Revival of Gernot Friedel's production, designed by Imre Vincze; at the Domplatz; Jul 20
● *Der Alpenkönig und der Menschenfeind*: by Ferdinand Raimund. Revival of Peter Stein's production. With music by Wenzel Müller; at the Landestheater; Jul 22, 23, 24
● *Libussa*: by Franz Grillparzer. New production directed by Peter Stein, with sets by Moidele Bickel. Libussa is played by Dörte Lyssens; at the Parnass-Insel; Jul 24, 25, 26

■ SANTA FE

EXHIBITION
Museum of Modern Art
Tel: 1-212-708 9480
● *Objects of Desire: The Modern Still Life* - beginning with Cézanne, including masterpieces by Matisse and Picasso, and culminating with Pop art and contemporary works, this exhibition traces the art of this century through the various and evolving representations of objects; to Aug 26
● *Retrospective of the Stenberg brothers* which promises to be MOMA's largest graphic design retrospective to date. Bright young things of the Russian avant-garde, the brothers are best known for the arresting posters they designed for Soviet cinema in the 1920s; to Sep 2

■ SCHLESWIG-HOLSTEIN

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■ OTTAWA

EXHIBITIONS
The Festival Orchestra performs a programme including works by Mendelssohn and Brahms. Conducted by Hartmut Haenchen, with violin

soloist Miriam Fried; at the Musikhalle, Hamburg on Jul 20 and at the Theater, Itzehoe on Jul 21

■ TANGLEWOOD

Tanglewood Festival
Tel: 1-617-931 2000
CONCERTS

● James Conlon conducts the Boston Symphony Orchestra in a programme of works by Britten, Bruch and Stravinsky. With violin soloist Itzhak Perlman, tenor John Aler, and the Tanglewood Festival Chorus conducted by John Oliver; the Shed; Jul 19
● Boston Symphony Orchestra: conducted by James Conlon in a programme of works by Mozart. With piano soloist Ignat Solzhenitsyn and soprano Ying Huang; the Shed; Jul 20
● Yo-Yo Ma: recital by the cellist of Bach Suites Nos. 1, 2 and 3; at Ozawa Hall; Jul 23
● Soprano Renée Fleming: recital including songs by Schubert and Rachmaninov, accompanied by Helen Yorke; at Ozawa Hall; Jul 24
● Boston Symphony Orchestra: conducted by André Previn in works by Mozart, Haydn and Ravel, with violin soloist Pamela Frank; the Shed; Jul 25

■ OPERA

Les Mamelles de Tirésias: fully staged production of Poulenc's opera, directed by David Kneuss, preceded by two vocal chamber works by Ligeti; performed by the Tanglewood Music Center Vocal Fellows and Orchestra, conducted by Seiji Ozawa; at the Theater; Jul 19

■ THE HAGUE

EXHIBITION
Museum Het Paleis
Tel: 31-70-338 1111

The Dandy - Fashion, Art and Literature: Dutch design duo Ravage have recreated three scenes: the dressing-room of George "Beau" Brummell, father of dandyism; the black dining room from Huysmans' novel *A rebours*; and the "summer dandy" with his all-white wardrobe, c. 1915. On the upper floors are 30 portraits of celebrated dandies, numerous accessories, caricatures, fashion plates and modern examples of the influence of the dandy; to Aug 31

■ THESSALONIKI

EXHIBITIONS
Museum of Byzantine Culture
Tel: 30-51-668570

Treasures from Mount Athos: following a historic decision by the Holy Community of Mount Athos, this exhibition of 1,500 objects promises to be the highlight of Thessaloniki's year as European City of Culture. Many of the icons, manuscripts and textiles which will be on show have never before travelled outside the Orthodox monasteries which house them; to Dec 31

■ VENICE

EXHIBITIONS
Giardini di Castello, the Corderie della Biennale and elsewhere in the city.
Venice Biennale: the 47th International Art Exhibition is larger than ever, with 56 participating nations and a strong showing from the underdeveloped world. The theme of the central exhibition, at the Corderie and the central Pavilion, is "Future, Present, Past"; to Nov 9

■ VERONA

OPERA
Arena di Verona Tel: 39-45-600 5151

● *Carmen*: by Bizet. Conducted by David Gilman. In a staging by Franco Zeffirelli. Agnes Baltsa and José Carreras recreate their famous double-act on Jul 19, 22 & 25
● *Macbeth*: by Verdi. New production designed by Pier Luigi Pizzi, with choreography by Gheorghe Janou. Conducted by John Neschling; casts vary; Jul 20, 26
● *Madama Butterfly*: by Puccini. New production. Conducted by Angelo Campori, with designs by Beni Montresor; casts vary; Jul 23

■ VIENNA

EXHIBITIONS
Kunsthau Wien Tel: 43-1-7120495
Schmidt-Rottluff (1884-1976): comprehensive exhibition of works by the German expressionist comprising around 180 paintings, drawings, etchings, woodcuts and sculpture; to Aug 24

■ WASHINGTON

EXHIBITIONS
National Gallery of Art
Tel: 1-202-737 4215
● *Picasso: The Early Years, 1892-1906* - making the case for the artist's career before Cubism, this show begins with Picasso's formative years and traces his relation to Catalan modernism in turn-of-the-century Barcelona, prior to his emergence in Paris. Including important works from his Blue and Rose periods, the exhibition culminates in the Iberian figure pictures of 1906; to Jul 27
● *Thirty-Five Years at Crown Point Press*: 122 works on paper created by 43 artists at the print workshop founded by Katharine Brown in 1962. The exhibition will travel to San Francisco; to Sep 1

■ ZURICH

EXHIBITION
Kunsthau Zürich Tel: 41-1-262-0909
Birth of the Cool: wide-ranging survey of American art in the latter half of this century. Among the artists represented are Georgia O'Keeffe, Jackson Pollock and Andy Warhol; to Sep 7

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Weekend Investor

Wall Street

If it's cyclical, it's worth a look

John Labate examines a fundamental change in the attitude of investors

New York City's summer of 1997 has been full of surprises. On the downside, of course, much of the region has been plagued for several weeks by a bear wave. But crime continues to plummet and, recently, a cab driver shocked many by returning a 71-year-old woman's \$33,000 life savings.

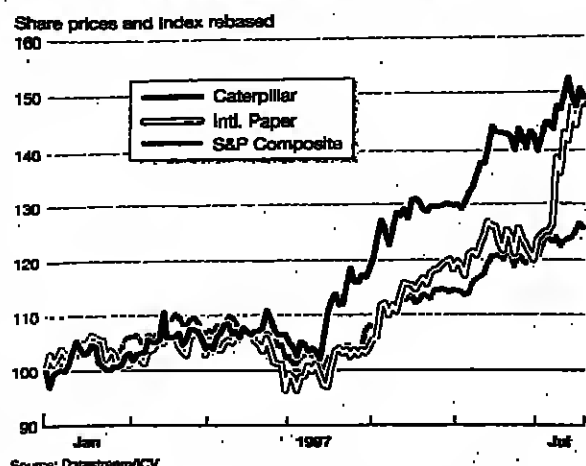
Then there is the ever-wavering Dow Jones Industrial Average which, after breaking through 6,000 on Wednesday, began by tumbling more than 100 points in yesterday morning's trading. In spite of the fall, the Dow and S&P 500 index are up by more than 20 per cent since the beginning of the year. Although many factors have contributed to the rapid rise of the US stock market this year, perhaps the most important has been the role played by a series of economic and financial surprises.

Few economists could have expected the robust 5.9 per cent growth in GDP for the first quarter, followed by what is expected to be a more moderate expansion for the second. To have decent growth rates with continuing moderate inflation rates is beyond explanation to many: an environment like this, according to the economic textbooks, should have led to higher inflation by now.

Much of the market's power has come from a rebound among cyclical industries. Technology stocks have added most to the market's run-up since January but, after a late start, industrial cyclical stocks - such as International Paper (IP) and heavy equipment maker Caterpillar - have outstripped the S&P 500 by a long way. IP closed on Thursday at \$59 1/4, a 43 per cent gain from its price at the year's start. Caterpillar, which closed at \$56 1/4, was up by a similar percentage.

Behind this rise among cyclical companies lies a major readjustment made recently by investors. "There's a willingness to pay more for current earnings," says Abby Joseph Cohen, of Goldman Sachs. With growth rates higher than many expected, and inflation lower, the outlook for expansion seems brighter to many

Low interest rates help cyclical



than it did at the start of the year.

"The outperformance of cyclical could mean a significant rebound for the third and fourth quarters," adds Scott Slayton, equity derivatives strategist at Morgan Stanley. The US investment bank noted recently that its cyclical stocks index of 30 companies had overtaken a similar index of 30 consumer stocks.

The comparison might be

An important factor has been the role played by a series of economic and financial surprises

a bit misleading, since Morgan's cyclical index also includes some computer makers and financial firms, but it has risen more than 30 per cent so far this year while the bank's consumer index has gained just above 25 per cent.

Several factors lie behind the rapid rise of industrial cyclical. Low interest rates are a key. "Cyclicals have clearly benefited from the Federal Reserve being on the sidelines at this point," says John F. MacNeil, of Smith Barney. Lower rates give investors more reason to believe industry will continue to invest in capital

equipment and resources, providing a boost to industrial growth and future profits.

Specific industry changes also lie behind the rise of certain cyclical stocks. In the case of the long-suffering paper industry, flagship company IP recently announced plans to trim its workforce by 9,000 and to close or sell certain parts of its business. In spite of reporting a second quarter loss of \$419m, or \$1.39 per share, as a result of charges, the price of the company's stock soared more than 9 per cent on news of the restructuring plan.

In contrast, Caterpillar has been on a profits and revenue roll for several years, thanks to earlier investments and new products. The company's earnings have risen in 11 of the past 13 quarters, and the company's April quarterly results came in much higher than analysts had expected.

Traditionally, Wall Street has put a low value on the earnings of cyclical companies like these: the very fact that they are highly profitable has been seen as a sign that the economic cycle will soon turn, leading to a slump in earnings. In the long, low-inflation expansion of the 1990s, however, these old views are finally being challenged.

Dow Jones Ind Average

Monday	7922.98 + 1.16
Tuesday	7975.71 + 52.73
Wednesday	8038.98 + 63.17
Thursday	8020.77 + 18.11
Friday	

London

How high can shares fly?

Experts were caught napping, writes Philip Coggan

The only value of stock forecasts is to make fortune tellers look good, according to Warren Buffett. And, since he is arguably the world's greatest investor, he ought to know.

There cannot have been many people who envisaged the FTSE 100 index touching 5,000 this year, as it did several times this week. Indeed, at the start of the year, the most optimistic of those UK analysts polled by this column was looking for Footsie to end the year in the 4,500-4,600 range.

To be fair, some analysts have since raised their forecasts to the 5,000 level, and we have not reached the end of the year as yet - the market could always fall back in the second half.

Indeed, the market yesterday had one of its dividend reverses as slightly disappointing results from Microsoft combined with a wave of profit-taking to send

shares sharply lower. Footsie ended a volatile week by dropping below 4,900, losing 100 points at one stage.

Nevertheless, the sheer speed and scale of the global bull market has caught a lot of people napping. Numerical targets have been falling on an almost daily basis: last week, the Dax in Frankfurt passed 4,000 while, this week, the Dow Jones Industrial Average hit 8,000 and the CAC 40 in Paris touched 3,000. Even the Italian Comit index finally overcame the all-time high it set back in 1986.

It is easy to underestimate the effect that liquidity can have on a market. Fundamentals can simply be ignored, once everybody decides that prices are going up.

The US market has looked expensive, on a dividend yield basis, for several years now; that has not stopped the Dow from setting one high after another.

Interest rates are low round the world, and the fact they are going up in the UK does not seem to make a blind bit of difference. There is plenty of international investor cash looking for a home and the UK, which enjoys healthy economic growth and a recently buoyant currency, seems as good a bolthole as any.

Once markets start to go up, a virtuous circle can be quickly formed. Private investors hear the headlines about all-time highs, or are regaled with tales of their neighbour's stock market profits, and decide to join in the fun.

Institutional investors worry about falling behind their competitors and opt to put their spare cash back into the market.

It then becomes extraordinarily difficult to call the top of the market. Shareholders pulled out of Japan in the mid-1980s, only to see the Tokyo market enjoy another



Fortune-telling: looking better all the time

four years of bullishness before their worst expectations were realised.

There have been plenty of factors in recent weeks which, in more normal times, would have caused Footsie to take a tumble. The removal of dividend tax credits in the Budget, the continued strength of sterling and its effect on exporters, and three interest rate rises in three months - all could be classed as bad news.

Indeed, many stocks have been hit by that bad news in what has become a two-tier market. The FTSE SmallCap index has risen less than 1 per cent this year and has underperformed the Footsie by 17 per cent since mid-March.

All the excitement is concentrated in the leading index, particularly in the banking stocks. HSBC rose in value by more than the entire capitalisation of the textiles sector on two days this week.

Banks continue to benefit from the "building society factor" as investors struggle to get a weighting in a sector swollen by the recent flotations.

But they are also undergoing a re-rating as investors decide that the modern, low-inflation, steady growth era is much more favourable for the banking business. Once again, some analysts think that the trend has gone too far and that several banking stocks are trading above fair value.

But this is not that kind of market. One of the oldest investment precepts is to

look for stocks which are undervalued, or which have been left behind by the trend.

The principle often works on a bigger scale, with the worst performing emerging market, for example, often rebounding sharply in the following year.

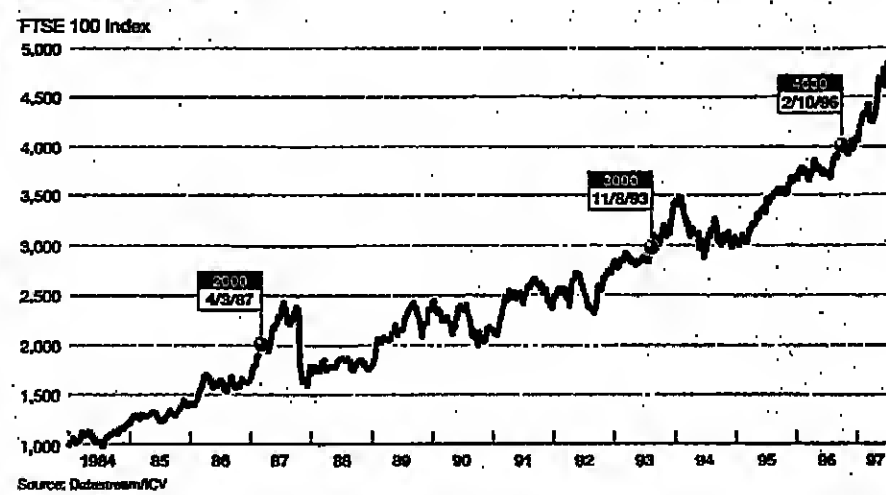
That, however, has not been a successful tactic in the past couple of years. Momentum buying has been the rage, where investors chase the stocks that already have moved ahead strongly.

That has taken a share like Coca-Cola in the US to a price-earnings multiple of over 40, much to the frustration of value-oriented investors. The UK market's rally has been concentrated in a small number of stocks, which could be why your portfolio is not keeping pace.

This all adds to the dangers for the unwary investor, however. If he buys a stock on a high rating, and earnings disappoint, then the share can take a fearful battering. (The reaction to the Microsoft figures were an example of this phenomenon.) A decline in the pie from 30 to 30 implies a 33 per cent fall in the share price.

Investing in highly rated stocks in a liquidity-driven market is, thus, a risky game. Corey Miller, strategist at Credit Lyonnais Laing, says that his fair value model suggests the FTSE All-Share is overvalued by around 7 per cent. Given the general market euphoria, the index might not return to fair value for a while. But, at some point, it will.

En route to 5,000?



Highlights of the week

	Price	Change	52 week	52 week	
	1/2 day	on week	High	Low	
FTSE 100 Index	4877.2	+77.7	4964.2	3668.5	Wall Street hits 8,000
British Biotech	167	+32 1/2	285	162 1/2	Recovery/new finance director
British Steel	155 1/4	+7 1/4	198 1/4	133 1/2	Share buyback
Cable & Wireless	616	+43 1/2	636	398	General investment buying
Carlton Comm	484	-33	577 1/2	444	Sterling effect
Cyber Int'l	297 1/2	+47	373	246	Sealor lifted by ICI
EMI Group	1088	-17	1488	1058 1/2	Concern over US record distributors
Graystone	77 1/2	+21	155	43 1/2	Bid approach
HSBC (75p shs)	2090	+128 1/2	2215	1032	Dresdner Klein tip/liquidity squeeze
ICI	922 1/2	+112	932 1/2	681 1/2	Restructuring
Marks & Spencer	583 1/2	+29 1/2	600 1/2	458 1/2	Agm
Microgen	119 1/2	-30	178 1/2	113 1/2	Profit warning
Nelson Hurst	176 1/2	+49	191 1/2	120 1/2	Agreed bid from Forbes
Plesmon	55 1/2	-126	242	54 1/2	Profit warning
RMC Group	902 1/2	+62 1/2	1196 1/2	678 1/2	Teaghe & Greenwood recommendation

Barry Riley

My Pacific basinful

Fringe Freddie discovers current affairs



It's the rain lashing down in Lima? Is the landscape parched in Penang? Ordinarily, I wouldn't care but, every time I meet Fringe Freddie, he gives me something new to worry about.

Really, I should have known better than to accept an invitation to the Gold Bugs' Barbecue this week - officially, the annual summer party of the British United Gold Society. Once quite a famous annual event, it has dwindled in popularity in line with the price of the yellow metal itself. But I suppose it is part of my job to keep track of all shades of financial opinion: well, almost all.

From across the courtyard, there was no mistaking the braying laugh. "Long time, no see. You must have been avoiding me, old boy. Too busy buying those boring bonds, I suppose. Ha! Ha!"

I looked around, desperately, but there was no escape from Freddie. I was a captive audience, though not exactly captivated.

"Why don't you tell your readers about the El Niño millennium crisis?" he boomed. "The biggest global weather event of the century is unfolding and all you can write about is bank shares. Fill your boots with commodity futures, that's my advice. Start with tea and coffee."

But the last time we met, I protested, he had told me to fill my garage with sacks of wheat. Mysteriously, the wheat shortage appeared to have eased.

Good crops were ripening in Europe and North America. I added: "Then there's the sad plight of our hosts, the gold traders. I distinctly remember that, 18 months ago, you were predicting that the bullion price would break up sharply through \$400 an ounce."

"Now, it's under \$320 and looking over the precipice. The Australian government has just unveiled 167 tonnes and the

"Fill your boots with commodity futures, that's my advice," said Fred. "Start with tea and coffee"

central banks of the world are wondering why they are still hoarding 34,000 tonnes of such a useless commodity."

It is never possible to embarrass Freddie by dragging up the past, though. A gleam appeared in his eyes.

"But it's a dollar conspiracy," he hissed. "Gold is weak only in terms of dollars. If you were German or French, you would think gold had risen in price this year. The Thais think it has climbed sharply in the past month. So do the Poles and Czechs."

It was true, I admitted, that the Germans were actually trying to book profits on their gold holdings, amounting to a kind of cosmetic rescue of their public finances. But surely the strength of the dollar reflected the sheer power of the American economy.

"All an illusion, just like Disneyland," scoffed Freddie.

"Have a look at the figures: the US trade deficit is spiralling upwards. Eventually, the dollar has to head south."

"Far Eastern capital has been propping up the US economy, and pumping up a Wall Street bubble. Soon, though, the Asians will realise they've been sold a pup."

"They will dump their dollars - and what's the only realistic alternative? Gold!"

"Just you wait a few months," said Freddie. "The El Niño effect will be at its strongest at the end of the year. Warm surface water off South America will cause heavy rain and flooding and ruin the cocoa crop. Peru has declared a state of emergency in nine regions already. But a cool sea around Australia and the East Indies will bring terrible drought. Sugar output in Thailand is slumping."

He was building up to full speed now. "That's really why the Aussies have off-loaded gold - to build a cash cushion against

the coming agricultural crisis. We can already see currencies in the region going down like ninetails: the Thai baht, the Philippine peso, next maybe the Malaysian ringgit."

"The US dollar might seem like a safe haven at the moment, but just wait until Wall Street crashes, the foreign capital heads for the exit and the dollar crumples. Then you'll need to be in a real safe haven - gold again! Meanwhile, I promise you'll make big money in cocoa and sugar."

Alas, Freddie's promises tend to be unreliable. "Commodities generally are flat as a pancake," I ventured. "Don't ask me to bet money on Pacific sea current temperatures."

"I have been more ready to predict rising demand for energy and industrial materials. But lately they have skidded, too, which suggests the global economy is slowing down - especially Asia which, these days, is a big consumer of metals."

"It all fits neatly together," blustered Freddie. "It's the unusual winds, you see. They're not blowing the tropical seawater eastwards as they should..."

I groaned. How would I ever escape? Then I had a stroke of luck because, suddenly, Freddie's watch started beeping an alarm call. He pulled a tiny shortwave radio out of a pocket. "Sorry, dear boy, must stop now," he said. "Nice little Japanese job, this. It gets me the Peruvian weather forecast loud and clear."

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صكيا ن الامل

WEEKEND INVESTOR

■ Last week's preliminary results

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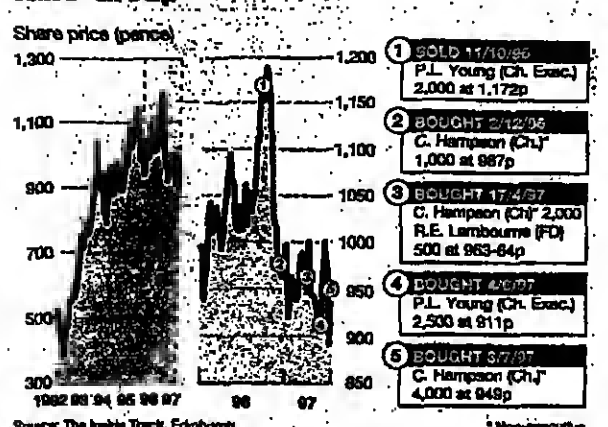
■ Results due next week

Company	Sector	Announcement date	Last year's earnings	Dividend (\$) ^a Final	This year's earnings
FIRMAL DIVIDENDS					
Barco (S.C.)	Febr	Thursday	4.0	7.0	4.25
Barco Int'l	Mar	Tuesday	2.0	6.5	3.15
Boston Group	Prop	Thursday	-	-	-
Colgate & Fowler	Heaf	Tuesday	0.75	1.15	0.9
Copyright Promotions	Med	Tuesday	0.5	1.0	0.5
Dalyn	AM	Thursday	1.5	-	-
Eckland	Insac	Thursday	2.0	-	-
Eve Group	AM	Thursday	1.0	-	1.5
HBC Furnishing	Mina	Monday	1.0	2.0	2.0
MITE Group	Spkr	Wednesday	1.5	2.2	0.9
Matthew Clark	Spkr	Wednesday	5.0	15.0	4.0
Meredith Abbey	Spkr	Wednesday	-	-	0.6
Merkel-Swain Group	EEER	Tuesday	1.85	3.0	2.15
Merricks (John)	Reina	Thursday	4.5	5.0	4.5
Ogilvy & Butler	na	Tuesday	2.5	2.5	-
P&T	Prog	Monday	2.25	2.5	2.5
Pac Micro Technology	EAEE	Wednesday	-	-	0.9
Shenley	Spkr	Monday	2.4	1.1	-
Stagecoach Holdings	Tuna	Tuesday	2.1	4.5	3.0
URO	Reina	Monday	-	-	1.5
W.F. Blackhall	Diet	Tuesday	3.5	6.4	4.0
INTERFIRM DIVIDENDS					
Bearing Trains II	InTr	Friday	2.0	5.8	-
Bulfinch	Eng	Wednesday	1.17	4.3	-
Cookson Group	Dag	Thursday	2.9	4.7	-
Chem	Chem	Thursday	1.9	4.9	-
Lee Service	Diet	Friday	6.4	6.6	-
Medwest Insurance	Insac	Wednesday	1.0	10.0	-
Permal	Chem	Monday	1.6	5.7	-
Reuders	Med	Wednesday	2.75	9.0	-
Shank Group	Text	Tuesday	2.27	4.8	-
Stratified Reaction	Purin	Tuesday	4.0	5.5	-
Sturg Consulting	Prog	Monday	2.0	2.5	-
St. Modwen Properties	Prog	Tuesday	0.5	1.7	-
Total Office Group	AM	Thursday	-	-	-

■ Rights issues

■ Offers for sale, placement & reacquisitions

Stakes Clothing is coming to AIM via a placing & a open offer of 6m shares @ 22.5p.
 Cade has to raise about £2.25m via a placing & open offer of 1.34m new shares @ 150p.
 Energy Power Resources is to raise £15m via a placing.
 Shorley is to raise about £8m via a placing of 4.53m shares @ 140p.

RMC Group

RMC, the construction materials group, has been through some hard times recently but an upbeat statement by the chairman, Chris Hampson, at the annual meeting in May was followed by a purchase of 4,000 shares last week at 949p. Robert Lambourne, the finance director, and Peter Young, the chief executive, also bought shares since results were announced in April.

■ Directors' share dealings

Transactions in own company
July 7-11 1987

Company	Sector	Shares	Value £'000	No of directors
---------	--------	--------	----------------	--------------------

SALES			
Abbott Mead Vickers	Media	290,000	13 1
Border Television	Media	20,000	73 1
Cheshamfield	Prop	200,000	734 1
OGS Management	OffF	2,000	22 1
SSI Systems	SSer	200,000	1282 1
CS Biomedix Hides	Phrm	20,000	22 1
British Land	Prop	38,582	224 2
PURCHASES			
OGS Management In	InvT	50,000	46 1
SAAN	Tran	2,148	12 1
Parsonic Healthcare	Hthb	87,000	19 3
Bankmark	Prop	10,000	22 1
Heaspek	Hthb	3,000	18 2
AVD Securities	OffF	10,000	12 1
Cable and Wireless	Tele	10,000	53 1
Parapharm	RetG	25,000	132 1
Cardata	SSer	80,000	41 2
Arcoal	Eng	55,000	108 1
Compas	Bryn	9,400	56 2
Alkermes	PhMa	11,138	25 1
EDME	EngW	36,540	88 3
Electron Electronics	Diat	11,000	15 1
Electronic Boutique	RetG	40,000	12 2
Export Int'l	Eng	50,000	51 1
W & C Smaller Cos	InvT	20,000	35 1
First Choice Hols	LAHl	50,000	45 1
Wadleigh Industries	Eng	20,000	40 1
Parson	SSAM	15,000	43 1
Carver, Nichols Gp	RetG	10,000	27 1
Medicare Reform Inv	InvT	125,000	119 1
Medex	EngW	4,000	21 1
Omico	PhM	10,000	12 1
Law & Boner	P&P	93,000	187 4
Longen Crucible	Eng	18,542	76 2
Omics Ashby	Eng	5,000	12 1
National Express Gr	Tran	12,917	80 3
Text	RetG	10,000	68 1
Landlind	SSAM	14,000	40 2
MC	SSAM	4,000	36 1
Avilla	Prop	33,330	59 1
Paras	RetG	25,000	76 1
Secure Trust	OffF	30,000	174 1
Outwines	Media	3,000	12 1
Stable Hotels	LAHl	10,000	18 1
Capex, Lloyd	Eng	10,000	16 3
London	RetG	25,000	114 1
Seacon Industrial Hl	Eng	5,000	11 1
Walker Greenbank	MGed	82,700	37 3
Wesfield Group	MGed	1,331,000	79 6

Companies must notify the Stock Exchange within five working days of a share transaction by a director.
This list contains all transactions (listed and AIm), including exercise options (*) if 100% subsequently sold, with a value over £10,000.
Information released by the Stock Exchange.
Shares traded are ordinary, unless otherwise stated.
Source: The Inside Track, Edinburgh, 0131-473 7070

■ Last week's interim results

Company	Stock	High year to	Pre-tax 1997, \$000s	Market value, \$
				per share, \$1
Aberdeen Smelter	INTF	Jun '97	221,231	257.3 (3)
Alcan Aluminum	DISC	Mar '98	840.0	99.1 (2)
Allied Talcum	Talc	Mar '98	6,820	8,400 2.75 (2)
Aluminum Smelter	DISC	Mar '97	182.88	182.88 2.71 (3)
CIH Hops	ALMA	Jan '97	67	(115) (3)
Aluminum Smelter	INTF	Mar '97	220	(115) (3)
FirstEnergy Corp.	INTF	May '97	121.9	118.3 (3)
Fluorine Ind. & Gas	INTF	Jun '97	(3)	1.7 (3)
Barnhart British	INTF	Jun '97	116.8	(07.8) 2.2 (2)
Bentley's Inc.	INTF	Mar '97	8,072	(27,104) (3)
Int. Business	BREW	May '98	240	(688) 0.65 (3)
British Petroleum	INTF	Mar '97	220	(115) (3)
Macdon	PTSC	Jun '98	45,890	(33,900) 1.9 (1.55)
Midstream	INTF	Apr '97	4,218	(6,808) 2.4 (2)
Nightbridge	TIME	May '97	865	(7,810) 0.5 (1.3)
Orin Coalfields	INTF	Apr '97	744	(24.1) 4.5 (1.5)
Pioneer Land	PROP	Mar '97	1,000	(7,088) (3)
Thompson, Neptun	INTF	Jun '97	2,828	(697.7) 1.34 (1.28)
Procter & Gamble	INTF	Mar '97	83.8	(115) (3)
Trust of Property	INTF	Mar '97	88.8	(88.72) 1.08 (1.78)

Figures in parentheses are for the corresponding period. *Dividends are shown net price per share, except where otherwise indicated. †Liquor; ‡Net asset value per share. § Fish ponds and ponds. ¶ 3-month figure. § US dollars and cents. e.

New issues

British Borneo, the fast-growing UK oil company, has announced a \$167.5m rights issue earmarked for further exploration along the Gulf of Mexico, under the *Enbrak* programme. The fund-raising is expected to be completed by the end of August and will double the company's equity base, now capitalised at about \$870m.

□ The placement price for Billington, the base metals division of South African mining group Gencor which will be demerged later this month, is becoming the focus of attention. Billington has said it will place shares at between 210p and 240p. Bankers associated with the flotation insist the international road shows have gone well but some analysts have suggested the price being asked is too high.

□ Ted Baker, the men's retail retailer, finalised its flotation this week placing 1m shares at 135p. The placing, fully underwritten by Charterhouse Tilney, values the group at \$55.7m. It aims to build a global brand to rival labels such as Paul Smith and Hugo Boss.

□ Gremlin Group became the first computer games company to list on the stock market, with an \$8m placing this week which values it at £29.8m. Founding director Ian Stewart, and his wife and joint chief executive Jenny Richards-Stewart, will together own 51 per cent of the business.

Bids / deals

ICI announced it had sold half its industrial businesses to DuPont, the US chemicals giant, for \$30n, *writes Virginie Marsh*. The deal is part of a \$3bn disposal programme to fund the company's \$4.9bn acquisition of Unilever's speciality chemicals arm. Together, the moves will transform ICI from a bulk industrial chemicals group into a leader in supplying specialised products. The two companies hope to complete the deal within about nine months.

□ The fate of the proposed merger between Boeing and McDonnell Douglas, the US aircraft-makers, ran into fresh problems, with the US and French governments stepping into the row. Much to the annoyance of the US, the European Commission is threatening to block the deal if Boeing does not scrap its

exclusive supply agreements with three US airlines. France is concerned over the impact on Airbus Industrie, Europe's aircraft builder.

□ The BT/MCI merger continued to dominate the headlines this week, with the two companies disagreeing publicly over when BT first knew of the worsening state of the US company's finances. BT is facing increased pressure from institutional shareholders to renegotiate the \$20bn merger, although sources close to MCI maintain the agreement remains this.

The British company also had to back down from the demands of some of its top management for the resignation of the MCI executives responsible for estimated losses of \$800m this year on US domestic expansion plans.

■ Current takeover bids and mergers

Company tick	Year of bid price	Market price	Pre bid price	Value of bid \$ mil	Bidder
Applied District *	44	43	42.5	15.43	Thibault & Thibault
Argent Group	375*	370	450	226.5	Briffet Property
Atlas Converting *	518*	515	547.5	74	Valmet
Arbon	178	173	137.5	130.72	FKI
Brookmead Group	805*	872*	942.5	85.5	Mid Ocean
Cash	571	570	571	57.0	Abbey National
Cable Corona *	73	67	67.5	8.29	Siber Star Group
EBT Group	175*	150.5	134	28.6	Bank of Scotland
Energy Group	880*	652	648	3,359.0	PacificCorp
Gent (S.L.) *	32*	80	71.5	28.5	Prosperity Ind.
Grain Processing Htl	178	171.5	171.5	75.58	SBP
Guinness	515	315.5	310.5	30.0	Scottish Media
Hawthorl (H)	614	624	515	21,020	Guinness
HVT *	420-5*	412.5	350.5*	37.17	Uni News & Media
Heartport Water *	268*	270	198	19.41	Anglian Water
Hill (H)	143*	138.5	128.5	96.09	Eyscieux
Midland Ind News	210*	189.5	188.5	280.59	Mifcor Group
Melton Forest	185	179.5	185.5	88.5	Fedex Group
Morley (M)	149*	157.5	138.5	24.78	Asco
Pacey Portfolio	125*	1	(*)	(*)	Amersham Intl
Platycare	122*	122	122.5	10.08	Federns Inc
Play Cars Homes *	330*	325	317.5	45.21	Principal Mtl
Rocky	135*	135	71	24.16	SIG
TLK	125*	131	130.5	55.88	EE Capital
Unicom Int'l	225*	221	155	85.5	Edie Shindler
Ward (W) *	145*	143.5	142	10.0	Chrysler
Woods Industries *	1125B5	1165	1155	505.94	Granada

* Unconditional. * Based on business price. * 18/7/87. * 55/25/88 and cash. * Cash alternative. (H) Marging to firm Glaxo Brands. (M) Marging to firm Moredun Amersham. (P) Marging to firm Glaxo Brands. 22/12/88.

In the Pink

Technocrats take a fall from their hobby horse

John Train discovers that under normal circumstances short selling is a bearish, rather than bullish, indicator

Readers will be aware that I am extremely suspicious of technical analysis, particularly "charting." It does not work, and worse, it distracts you from what does work, namely fully understanding the companies you are interested in.

One of the hobby horses of the technocrats is that the higher the short position in a stock, the more "support" it has. In fact, all those short sales will have to be covered some day.

However, a new study and restricted than long transactions, short sellers are usually likely to be informed... Using data on monthly short interest positions for all NYSE and ASE stocks from 1976-1983, we detect a strong negative relation between short interest and subsequent returns, both during the time the stocks are heavily shorted, and over the following two years. This relationship persists over the entire sample period. The results also provide a foundation for the view that stock prices reflect positive

bad fundamental company developments.

Thus, if you own a stock that suddenly starts developing a higher and higher short interest, don't buy; rather, think of selling.

A third conclusion is that it is most important to sell the issues that have been subject to the heaviest short selling.

Why do unfavorable developments provoke selling? The answer is that favourable ones provoke buying! Every market practitioner knows one reason: the way brokers act. A brokerage firm that

will terminate its banking relationship with the firm. Since individual brokers are rewarded for developing and nurturing such relationships, a firm's banking side, then, is most reluctant to injure them by sounding negative on the brokerage side.

To quote the study:

"Analysts with negative opinions about a firm's future prospects may find themselves excluded from 'mailings,' meetings, conference calls, and gatherings where the company they cover," according to the Wall Street

What about the Chinese wall supposed to insulate the underwriting side from the brokerage and advisory side? Sometimes this barrier is as permeable as the Great Wall

Asquith of the Massachusetts Institute of Technology School of Management and Lisa K. Muehlbroek of the Harvard Business School, and of the Securities Exchange Commission.

I will begin by quoting the abstract that epitomizes the study.

The traditional view of short interest is that it is a bullish signal, because it is an indicator of future demand; all short positions must eventually be covered by purchasing shares. A more recent appraisal of short interest is that it represents negative information about a firm's future prospects. More specifically, Diamond and Verrecchia (1987) suggest that since short sales are more costly

information more efficiently than negative information."

In the body of the study, the authors identify some reasons why the market does not respond efficiently, particularly through short selling, to bad news. One reason is that you cannot always borrow the shares that you want to sell short.

Another is that lenders can recall the stock at any moment, so that you may be forced out of your position when it is least convenient. As the Wall Street saw has it: "He who sells what isn't his! Must buy it back or go to prison."

The authors draw several conclusions from their work. The first is obvious: a rising short interest implies

enjoys a close relationship with a company eventually develops an excellent feeling for how the company's fortunes are progressing. If such a broker turns emphatically negative on the stock, investors will give particular weight to this change of opinion, and support for the stock may dry up.

In addition, since the company may withdraw the broker's access to the best data, just as government often shuts out abusive reporters from the inner circle of privileged information.

Sometimes a company's brokers are also its investment bankers, a very profitable relationship. So a more serious risk, if the company is really vexed, is that it

from its brokerage and advisory side? Alas, sometimes this barrier is as permeable as the original Great Wall, which did not always deter the barbarians. At least, the unhappy corporate client is likely to assume so.

Then, one should remember the way brokers think. They look for stocks that they hope will go up much more than the stocks that may be overpriced.

Anyway, since there is a lag between negative developments and lower stock prices, and since short selling often reflects highly informed professional opinion, while retail opinion lags, the ordinary investor should take it as an occasion for concern, not consider it reassuring.

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FT WEEKEND

True Fiction

The circular route to courtesy

Peter Whitehead takes an unscheduled trip round Waterloo Station and learns a lesson on the way

The belt on my raincoat became snagged in a piece of heavy machinery the other day. Fortunately, it wasn't a tree-shredder dragging me screaming into its jaws or a cross-channel ferry leaving Dover docks.

It was an electric open-topped buggy at Waterloo station, with COURTESY VEHICLE written on the front. A small angular metallic vehicle, its notable features were an orange flashing light on a pole and a beep of an alarm to clear people from its path.

I had skipped through the ticket barrier and on to the concourse at Waterloo without expecting this slow-moving cart to be beep, beep, beeping in my way.

"Look out, mate," called the driver. The bags under his eyes and his "Fight the cuts, stuff the jubilee" lapel badge, circa 1977, were clues to his disposition. A hard night before on the ale and a serious hangover from the 1970s suggested stropiness.

I caught his eye as he veered towards me. As I stepped back, my belt, hanging loose, ticked up and wedged against a bar

behind the driver's seat.

Beep, beep, the buggy trundled on. I thought the driver hadn't noticed. "Hey, stop. I'm caught." He glanced back over the shoulder of his grey fluorescent waistcoat and carried on. Beep, beep, beep, beep.

I was being dragged along, one end of my belt stuck fast to the truck, the other stretched firmly to the coast. I was scrambling, bewildered, as we chugged between Tie Rack and Le Croissant shop. "Can you hear me? My coat - it's caught."

"You in a hurry then, mate?"

Beep, beep, beep.

Railway passengers have every reason to be surly - trains break down, guards fail to show up, signals collapse and a whiff of trackside smoke makes the network slide to a halt. When

things run properly, passengers look vacant and, in the main, stay silent.

That there was a hubbub outside Burger King at 9.54am meant something unusual was occurring. And it was me, bouncing along and tugging at my belt.

"What d'ya think of society, mate?" the driver asked me, as if an unwilling attachment provided an opportunity for debate.

"What?"

"Society. You think it exists?"

"Errrrrr, of course I do - everybody does, surely. Now please stop this thing and let me get unhooked."

The driver pressed a scuffed grey boot down hard on the accelerator. Beep, beep, beep, beep. We were going faster.

I was clamped to a madman,

being dragged along Waterloo station concourse, slipping into a sociology lecture. I was running out of puff and out of hope of any escape from the raincoat or the predicament.

It was horrifying how well he knew "my type". He spoke of impatience and road rage

His foot pressed down further. Beep, beep, beep, beep. We zipped past W.H. Smith and on towards the ticket area.

"You should think a bit more,

mate. You should know better. I know your sort, see."

I recoiled.

"Yep. Got you sussed. Comfortable, going places, no need to look beyond your garden fence."

Where his train of thought was heading, I hardly dared contemplate: where his truck was heading was clear - we were approaching the end of the concourse. We were back at full speed but he would have to slow to take the corner and I might wriggle free.

The truck wound down. Beep, beep, beep, beep, beep, beep, beep, beep.

I reached out, grabbed the back of the driver's seat and, in a flurry of gaberdine, I was seated beside him, still attached, but recovering some dignity.

"Aha. Now, while you're sit-

ting there..." He watched me fiddling with the belt as he picked up speed again. "You should think about this."

And I was harangued about my standards of behaviour for two more laps of the station concourse. It was horrifying how well he knew "my type". He spoke of impatience and road rage, intolerance and rudeness.

As he talked, I began to notice people about the station. Four schoolgirls on their way to the postbox end of Baker, comparing tunes on their mobile phones; two businessmen and a businesswoman poring over files, documents and capuccinos outside Costa Coffee.

This was society. Yet these people were obstacles. I had to get to work; they got in my way. But above the beeps, the

driver's message was striking soft targets. I had been utterly graceless only that morning when a woman almost hit me as she opened her car door out to the pavement. She had said sorry; I glared.

My finger-waving gestures at a flower seller who stepped into my way the other day were boorish; my look of disdain for the little truck driver crossing my path this morning was petulant and seriously misjudged.

I had to concede. "Look. I'm sorry. I see what you're saying. Just stop the truck now." And he did. And he helped me free my coat.

I had been dealt a lesson in manners by a Courtesy Vehicle driver. The initial effects were good. I thought hard about what he said: I was polite, gracious and humble until 7.15pm that day.

Heavy rain, train cancelled, concourse crowded with thousands of steaming commuters, all in my way. When I eventually reached home, I got out my Parker Duofold pen and wrote a jolly rude letter to that Courtesy Vehicle driver's boss.

Arcadia

Culture has its limits, even in the Cévennes

Nicholas Woodsworth needs no excuse to flee art-sodden Provence

I am as fond of culture and the arts as anyone else. But there is only so much of the stuff, after all, that any one man can happily deal with. When summer rolls around and the hot weather comes to my home in the Midi, so, too, come uncounted numbers of outdoor festivals.

Between the febrile drone of *Provençal* cicadas and the polyglot chatter of excited audiences from around the world, the entire area from June onwards is frenzied, crowded and overwrought. And if my own programme of high summer culture calls for outdoor venues, too, it also requires peaceful contemplation and the kind of silence conducive to long, hammock-swung afternoon siestas. Each summer, then, seeking refuge from a surfeit of civilisation, I flee Provence and head for the hills.

The particular hills I head for are the Cévennes, the tumbled and twisted mass of rock that juts out into the Mediterranean plain from the southern edge of France's massive central. Just a morning's drive from the busy and sophisticated towns of Provence, it is as wild and isolated an area as any in Europe.

The Cévennes is perhaps best known to the outside world through Robert Louis Stevenson's *Travels with a Donkey*, the description of an adventurous trek across the Cévennes in 1878. Scarcely populated, covered with thick forests of chestnut and holm oak, riven by tortuous ravines and fast-flowing streams, the steep-sided Cévennes made for the most rugged and romantic of 19th century backdrops. It still does today.

My own summer itinerary this year, however, was hardly as strenuous - much of it involved gazing up at the blue sky from a reclining position with barely a thought in my head. By dint of

much horizontal experimentation I have over time discovered the best place in the entire Cévennes for such an exercise. So it was that not long ago I found myself lazing the day away in the spot locally known as the Trou de Trabassac.

It is a place not even a sure-footed Stevensonian donkey would happily venture into. Hidden in the narrow Trabassac valley near the village of Sainte-Croix-Vallée-Française, it is a deep basin gouged out of the rock by centuries of flowing water. At its upper end a stream bubbles through a cleft into a wide pool before draining into a delightful succession of descending falls and naturally-cut water slides.

Peaceful and isolated, overhung by a massive, shade-giving oak tree and filled with the sound of gently bubbling water, the Trou de Trabassac is a perfectly zen-like sort of place. It is appropriate for contemplation, profound meditation or, on a still deeper plane, even the occasional snooze.

I had gazed at bars of sunlight falling through the oak into the green-blue depths of the pool. I had watched a band of tiny black tadpoles cavort dangerously in the current where it picked up speed heading toward the waterfall.

Lying absolutely still, I had looked on as a tiny spider began to spin a fragile web between my foot and a nearby fern. Peaceful and drowsy, I was just one meditation away from sleep when I was abruptly aroused by Mme Razzier's nanny-goats.

I heard their bells first, an insistent tinkling from 100 swaying necks. Then their heads appeared over the rim of rock above me as, standing on their hind legs, they strained upwards to bite off the tender leaves and twigs of the chestnut trees grow-

ing there. Finally Mme Razzier's head appeared, too, as well as that of Athos, her heri's large, tongue-lolling canine guardian. I climbed up out of the Trou de Trabassac to greet the mistress of the valley.

In her closeness to the earth, in her frugal and hardy style of life, Mme Razzier differs little from her ancestors. Every day she disappears with her goat herd into the landscape to spend long hours sitting in silent woods and hillside glades with no company other than Athos's. It is hard to get more zen-like than that these days.

But this was not one of Mme Razzier's silent days. We talked about goats' cheese and the weather, hay cutting and the new beaver-dam in the valley below, and then Mme Razzier

asked me if I was attending the *Gabriele* fête du village that evening. Good heavens, I thought, is there no getting away from it?

Even here in the middle of nowhere, surrounded by goats and tadpoles and chestnut trees, there was, it seemed, an inescapable summertime compulsion to celebrate. But surely, I said to myself, a festival in the heart of the Cévenol wilderness had to be radically different from a festival in chic, sleek Provence. I decided I would go, after all. And radically different it proved to be.

The hamlet of *Gabriele* sits a hair-raising car-ride halfway up the mountain on the opposite side of Sainte-Croix. It is a small, strung-out collection of ancient stone houses, each equipped in the old Cévenol manner with vast lofts for the feeding of silk

worms and the storage of chestnuts. But if I had expected to be entertained by a lot of native sons-of-the-soil, I was in for a surprise.

Isolated and inaccessible, the Cévennes has been a place of refuge ever since the early 1700s, when it harboured Protestants against Catholic massacre in a long and bloody religious war. Other waves of refuge-seekers have followed, in 1806, following a summer of youthful revolution and social upheaval in Paris, the Cévennes received an influx of long-haired, colourful individuals determined to put their ideology into practice. Elsewhere they were called hippies; here they were called *Neo-Cévenols*. Their communes and collective farms have long disappeared. They have grown older,

calmed down and adapted to local conditions. Younger arrivals have trickled in. But the *Neo* spirit is still alive. That evening it was positively kicking.

All afternoon, *le tout* *Gabriele* had been preparing diables, setting up a stage on the steep hillside, improvising sound systems and spot-lights, and stringing fairy lanterns. By the time I arrived, cooks and stage-hands had turned diners and revellers, and the tiny courtyard of the *Gabriele* school (roll: 14) was brimful of *Neos* and their tousled-haired children. The red wine flowed copiously and there was a talkative, bubbly mood in the air.

When the goats' cheese was finished, diners turned performers. The long trestle tables were dragged away and all eyes

turned to the stage. The mayor of *Gabriele* sang a song about the iniquities of the European Union. Young ladies performed a sassy music-hall number. A group of musicians played the jazz music of Django Reinhardt. A wild-looking fellow named Moktar Pipo jumped up on the improvised bar and did astonishing things with an accordion. And then *Gabriele* settled down to some serious dancing.

They may not put on summer festivals as professionally in the Cévennes as they do in Avignon or Aix-en-Provence, but they do them with more heart. I left sometime after midnight. Things were just really warming up, but even in *Gabriele*, culture has its limits - I did not want to be late next day at the Trou de Trabassac.

Metropolis

With my Lada as my Witness

John Thornhill succumbs to the irrepressible Georgian charm of a Tbilisi taxi-driver

It did not look promising - the battered white Lada in the car park at Tbilisi airport had clearly seen better decades. Its ignition mechanism dangled from the steering wheel like turkey giblets. The shattered windscreen looked as though it had been designed by a crazy paving specialist. A small model Santa Claus, bearing a big badge saying "I Love You", hung from the cock-eyed mirror. My mood did not improve when I learned it squeaked every time I turned a corner.

But my cheery Georgian driver, who introduced himself as Giga, brushed aside all obvious concerns with his wide-eyed enthusiasm. "It's a good car," he lied, adding a phrase that was to become annoyingly familiar over the next three days: "No problem."

So, in spite of my better judgment, we set off for the centre of the Georgian capital chatting away in gloriously ungrammatical Russian, which, we discovered, was our one common language.

Giga was interested to learn all I could tell him about England, or "foggy Albion", as it is still curiously known in parts of the former Soviet Union. I, in turn, was keen to hear his views about his beautiful homeland where he had lived for all his 23 years.

It soon struck me, though, that there was something odd about Giga. His cheek shirt, spotless white chinos, and neat haircut appeared a touch too clean-cut for any self-respecting Georgian, who, in my limited observation, tended to favour the bohemian film director look. Giga's conspicuous lack of interest in the striking, barely-clad women who breezed past our car also confounded my preconceptions of what a real red-blooded Cau-

sian male should be all about. I was almost reassured therefore when Giga named a ridiculous price for hiring his car for three days and we engaged in a bout of ritualistic haggling.

The next day, Giga ferried me around Tbilisi delivering me at the finance ministry, International Monetary Fund, and central bank, the natural points of call for any FT correspondent. I even arrived on time for some of the meetings.

But it was to be said that Giga was not one of life's natural taxi drivers. Every address, even the most strikingly obvious, had first to be checked in his voluminous road atlas and then confirmed by interrogating passers-by. Giga's method for starting his

car was also disconcerting. A faulty starter motor meant Giga either had to push-start the car himself or let it roll gently down one of Tbilisi's many hills and jump-start it before we hit an immovable object.

I was much relieved to return to my guest house that evening when Giga handed over some "presents". These consisted of two bottles of the sulphurous Borjomi mineral water - much beloved by Georgians but by few others - and an ominous stack of *Awake!* the journal distributed by Jehovah's Witnesses.

The way he drove, I reflected as I clambered out of the car, made me glad he had a faith. It was with some trepidation

that I waited for Giga the next morning, fearing a day-long inquisition about my spiritual health. But in the 30 minutes I waited for him to turn up, I hit upon a pre-emptive strategy. I greeted his arrival by asking him how he had discovered his faith.

This was a mistake. For the rest of the day, Giga regaled me with tales of his criminal past, how he had been a member of one of the paramilitary gangs that dominated Georgia in the early 1990s, how he had mugged foreigners, stolen cars, and burgled homes. I shifted even more uncomfortably in my seat.

But all that changed when I "left prison," he reassured me. "I found God, gave up alcohol and drugs and crime, started cooking,

and learned to respect my parents."

Giga then unfolded for me an alternative history of Georgia and explained the mystery of how the country's once-rampant paramilitary gangs had seemingly evaporated from Tbilisi's streets overnight.

Apparently, Eduard Shevardnadze, the country's wily president and former Soviet foreign minister, had secretly summoned the local *voys v zakone* (the so-called *thieves-in-law* who form the criminal subculture throughout the former Soviet Union) and told them to clean up or get out.

"Most of them have now gone to Russia," Giga giggled. "They are our most successful export."

Whether Giga's version of

events has any basis in fact is unclear but it was at least diverting - and no doubt preferable to discussing the finer points of the Second Coming.

On the way to the airport, Giga filled up his car with petrol and asked me to pay the bill. This was, he said, standard practice in Tbilisi. Besides, he could not afford to pay himself because he had to support a small army of dependent relatives.

I have been ripped off by taxi drivers across the former Soviet Union and have loudly cursed them all. But I found it impossible to be mad with Giga. For at least five seconds, I even toyed with his parting suggestion that I should finance his evolving plans to open a restaurant in London.

But that, I suppose, is the charm of the Georgians.

Chess No 1190: Matliff vs. Nig? Lost to Giga and Giga while 1 Giga+7 KIV drops the queen. First played 1 Rb1 Gc3 3 Qc4+ Kf7 3 Qc7+ Kf7 4 Kf2+ and 6 Nd2, winning with 111 moves left.